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# FINANCIAL TIMES

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## NEWS SUMMARY

### GENERAL

## 42 die in cable car ski disaster

**Forty-two people were killed and one man was seriously injured when a mountain cable car crashed to the ground at Cavalese, a ski resort north-east of Trento, in the Italian Dolomites last night.**

First reports said the cable car plunged more than 150 feet into a field after being slammed against a second car by a gust of wind. It was packed with holidaymakers and skiers returning from a day on the slopes.

Police said a number of foreign tourists were involved, including West Germans and Austrians. Late last night no further details of nationalities were available.

The crash is the worst in the history of cable car transport. The previous highest toll in such an accident was in 1966 when 16 people died in Taiwan.

### More rail chaos today

After a day in which most of British Rail's Eastern Region was paralysed by industrial action, BR warned that conditions could be expected to be worse to-day.

Meanwhile, the three railway unions are due to begin their annual pay negotiations with British Rail this morning.

London's Charing Cross station will be closed this week-end because of engineering work. Trains are to be diverted to Cannon Street. **Back Page**

### Further progress on Fleet Street's new technology

National newspaper publishers and unions have reached provisional agreement on the proposed structure and terms of reference of a joint standing committee to supervise the introduction of new technology in Fleet Street. The committee will go to work as soon as management-union talks on the future of the newspaper industry have reached agreement on a number of issues, including that of compensation for redundancy volunteers. **Back Page. Press freedom row, Page 17**

### Butlins fined in hygiene case

Butlins was yesterday fined a total of £1,940 and ordered to pay £400 costs for hygiene offences which arose over conditions at the company's Bognor Regis, Sussex, holiday camp last summer. The company admitted 46 offences at Chichester Magistrates Court. Conditions were "reminiscent of a Victorian workhouse," Arun District Council claimed.

### Madrid welcome for Don Juan

Don Juan de Borbon y Battenberg, Count of Barcelona, father of King Juan Carlos of Spain, who has never renounced his claims to the throne, lunched in Madrid yesterday with his son. **Page 6**

### Ali's £28m.

Boxer Muhammad Ali estimated in London yesterday that he had made about £15.5m. during his career and was contracted to earn a further £13m. before retiring at the end of this year.

### Briefly . . .

**Carreras Rothmans** is to re-introduce cigarette cards. **Men and Matters, Page 20**

**Gunman** burst into a Frankfurt, West Germany, court hearing a robbery trial and took two court officials hostage.

**BBC** has cancelled TV coverage of the Daily Mail Race of Champions at Brands Hatch on Sunday because of an unacceptable volume of advertising on racing cars.

**Prince Edward**, the Queen's youngest son, is 12 to-day.

### BUSINESS

## Pound at $1.9415: gilts show a revival

● **GILTS** staged a useful revival. Longs closed up to one point better and shorts rose up to ¼. The Government Securities index was 0.32 higher at 62.42.

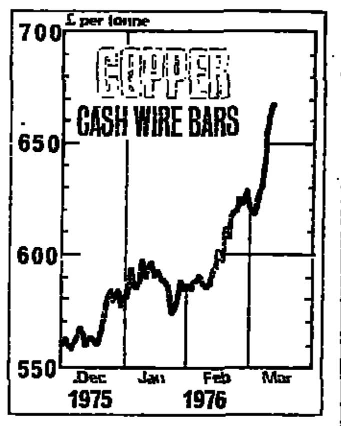
● **EQUITIES** fluctuated within narrow limits. The FT 30-share index, up 1.4 at 10 a.m. and down a similar amount at 3 p.m., ended the day 0.1 lower at 411.4.

● **WALL STREET**, after topping 1,000 during the day, saw some profit-taking and closed only 4.96 higher at 993.70.

● **STERLING** closed 10 points lower at $1.9415; its trade-weighted depreciation widened to a new record of 33.2 (33.1) per cent. Dollar's weighted fall narrowed to 2.38 (2.43) per cent.

● **GOLD** gained ¼ to $133¼.

● **COPPER** prices rose on the London Metal Exchange. Cash wirebars closed £3.75 higher at




£668.75 a tonne. Tin (three months) ended £29 higher at £3,586. **Page 35**

### Bank lending £99m. lower

● **LOANS** by the London clearing banks fell by £99m. in the four weeks to February 18. Slack demand and some loss of business to other lenders are the reasons, says **Anthony Harris. Back Page**

● **STRIKE** of 3,500 workers at BSC Ravenscraig works continued last night. Although the corporation withdrew its "return or the sack" ultimatum to 120 men in the slabbing mill, it refused to give an undertaking that similar action would not be taken again. **Page 10**

● **CHRYSLER (U.K.)** has won a £5m. order for vans from the Post Office, which should help plants at Dunstable, Luton and Coventry to return to full-time work. **Page 7**

● **LEYLAND CARS** is unlikely to relax its ban on capital spending much before June. **Page 8**

● **PETROL PRICES** are unlikely to rise, at least for the moment, in spite of the fall in sterling, according to the major oil companies.

● **LONRHO REPORT** by inspectors appointed under the Companies Act is now being studied by Mr. Peter Shore, Trade Secretary. **Parliament, Page 17**

### COMPANIES

● **FISONS** plans a one-for-four rights issue at 325p a share to raise £19.93m. Pre-tax profits last year reached £16.68m. (£14.57m.). **Page 23 and Lex**

● **UNITED BISCUITS** (Holdings) pre-tax profits rose 61.6 per cent. to £22.28m. last year. Dividend is lifted to 2.828p (2.26242p), as forecast. **Page 22 and Lex**

● **BSR** registered a second-half recovery, with pre-tax profits of £9.43m., only £4m. below last year. At mid-way, the shortfall was about £7m. **Page 23**

● **DE BEERS** net earnings recovered to R220.7m. (£128.1m.) last year. The 1974 figure was R201.3m. The dividend is raised to 28 (25) cents. **Page 24**

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

| | | |
|---|---|---|
| Electric 4½pc '74-79 | £88¾ | + ¾ |
| Treasury 12½pc 1995 | £96½ | + 1 |
| Assd. Dairies | 218 | + 6 |
| Clarke Chapman | 77½ | + 5 |
| Drake and Cubitt | 16 | + 3 |
| Emu Wine | 160 | + 10 |
| Heath (C. E.) | 286 | + 14 |
| Hong Kong Land | 137 | + 7 |
| HK and Shanghai | 332 | + 21 |
| Hutchison Intnl. | 51 | + 6½ |
| Intnl. Pac. Secs. | 120 | + 15 |
| Jardine Matheson | 402 | + 17 |
| Kimpher | 23 | + 3 |
| Kwik-Save Discounts | 126 | + 6 |
| Leslie and Godwin | 126 | + 15 |
| Philips Lamp | 977 | + 16 |
| Pittard | 77 | + 5 |
| Richardson Westgarth | 49 | + 4½ |
| Robb-Caledon | 53 | + 7 |
| Sedgewick Forbes | 250 | + 11 |
| Sime Darby | 113 | + 6 |
| Transport Develop. | 59 | + 4 |
| Weyburn Eng. | 370 | + 40 |
| Shell Transport | 402 | + 7 |
| Geevor | 177 | + 8 |
| Sabina | 105 | + 8½ |
| Southern Malayan | 125 | + 8 |
| Union Crp. | 295 | + 9 |

FALLS

| | | |
|---|---|---|
| British Land | 32 | − 3 |
| Fairfax Jersey | 8* | − 2½ |
| Fisons | 393 | − 18 |
| Inveresk Group | 66 | − 5½ |
| Law Land | 63 | − 4 |
| MEPC | 79 | − 4 |
| Photopia | 30 | − 4 |
| Sunningdale | 640 | − 60 |
| Buffels | 890 | − 30 |
| Libanon | 500 | − 20 |
| St. Helena | £16½ | − 1½ |
| Westfield Minerals | 172 | − 33 |

* Suspended

# Jobless total high until 1980 says National Institute

BY WILLIAM KEEGAN, Economics Correspondent

**A depressing forecast that unemployment will go on rising to 1.4m. by the end of this year and 1.5m. in late 1977, is made this morning by the independent National Institute of Economic and Social Research in its latest review. These are seasonally adjusted figures and would mean a peak next winter of 1.5m., to 1.6m., even excluding students.**

In an assessment dominated by the constraints imposed by the balance of payments deficit—even after the worst recession since the Second World War—the NIESR sees little hope of a return to anything like full employment in the years up to 1980. It also foresees a severe squeeze on living standards.

In spite of its many years' experience in economic forecasting, the Institute on this occasion eschews any straight prediction of the U.K. inflation rate.

Instead, it spells out the implications of either adherence to a tough wages policy in Stage Two, or of allowing the dam to burst.

A successful policy limiting earnings growth to 6 per cent., is seen as having a major impact on inflation, reducing the growth in consumer prices to just over 10 per cent. this year and under 6 per cent. through 1977.

But, assuming unchanged policies because of the balance of payments constraint, the growth in output this year and next would be too slow to prevent unemployment rising. The GDP projection is for increases of under 2½ per cent. in both years and real personal disposable incomes would be falling.

On the other hand, if the country were to lurch into another wages explosion involving 20 per cent. growth in earnings next year, then this "would leave the economy in a considerably worse position in virtually all respects by the end of that year (1977). Short-term problems would be extremely serious and the medium-term prospects correspondingly poor."

The institute says the benefit of 20 per cent. wage increases would be short lived, because industrial confidence and cash flow would be hit, leading to reduced business spending and worse unemployment.

Before long, prices would catch up, the exchange rate would tumble and "by the beginning of 1978, the U.K. would once again be in a state of crisis."

The short and medium term prospect painted by the review is considerably at variance with the picture of a 5½ per cent. growth rate in GDP over the three years to 1979, which Mr. Healey said in the Commons yesterday was implied by the assumption in the public expenditure White Paper of a 3½ per cent. a year average growth in GDP from 1974 to 1979.

In a paragraph which has been uncannily overtaken by events, the NIESR refers to an alleviation of the situation if the U.K. achieves a devaluation of the order of 5 per cent. without retaliation in one year.

Although time lags would mean that the effect on unemployment was not very significant this year, the NIESR estimates that extra employment of 200,000 would be generated by the end of 1977. And the devaluation of sterling since the review went to press amounts to approximately 4½ per cent.

The judgment made, by the NIESR, before this devaluation was that Mr. Healey "has little room to reflate at all unless he can begin to put additional resources into the current balance of payments."

The forecast is of a current balance of payments deficit of £2bn. this year and a range of £1.3bn. to £1.9bn. in 1977.

Moreover, "there appears to be little prospect of the U.K. attaining full employment and current account balance by 1980 without substantial further improvements in its international competitiveness or equivalent measures to shift resources into the external balance."

The review is not wholly clear in its explanation of the balance of payments constraint and the


Continued on Back Page
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Editorial comment, Page 20;
Details of report, Page 26


### June target for pay policy

**Pay policy to replace the £6 limit is unlikely to emerge until June. This is indicated by a document—setting out the TUC timetable for negotiations—to be considered by the TUC economic committee to-day. TUC leaders this afternoon will meet Chancellor to urge an extra £1.9bn. injection in the April Budget. Back Page.**

# Healey: more cuts possible

BY PHILIP RAWSTORNE

MR. DENIS HEALEY, Chancellor of the Exchequer, yesterday threatened further public expenditure cuts if the Government's current measures failed to secure a radical improvement in the economy.

Opening the Commons debate on the Government's Public Expenditure White Paper, Mr. Healey set out a daunting target.

"If we are to reduce unemployment to 700,000 in 1979 — and certainly nothing less ambitious should be our objective — then our gross domestic product must grow at an average rate of 5.5 per cent. over the preceding three years and manufacturing output must grow about 8.5 per cent. a year over the same period," he said.

Such a sustained level of growth has never before been attained in this country. The 5.5 per cent. target is implied by the 3.4 per cent. growth rate from 1974 on which the White Paper central forecasts were based.

But Mr. Healey insisted that Britain had to aim at the achievements already secured by its main competitors, France, Germany and Japan—"an increase in manufacturing investment sufficient not only to improve our competitiveness but also to generate substantial increases in manufacturing employment."

The TUC's main anxiety had been the risk that the balance of payments and capital spending might not automatically improve to fill the gap created by the public expenditure curbs. "I do not believe either that our economic performance will improve automatically," Mr. Healey said.

He added: "Without this levelling off in public expenditure it would have been physically impossible to achieve the improvement we need in the rest of the economy.

"If we should fail for any reason to get that improvement we shall have to cut public expenditure programmes further rather than increase them."

The level of public spending envisaged a year ago would to-day have forced restraints on private consumption equivalent to an increase of 8p in the pound on the basic rate of income tax, he said.

Sir Geoffrey Howe, Tory spokesman, condemned Mr. Healey's "aggressive complacency." The Conservatives, he said, believed that cuts of £4bn. were necessary as soon as possible—"though heaven knows how quickly one could achieve it."


Parliament Page 17


# S.A. interests in Thorpe affair—Wilson

BY PETER HENNESSY, LOBBY CORRESPONDENT

THE PRIME MINISTER told the Commons yesterday that he had no doubt that agents, financed by South African funds, had been involved in recent activities in the West Country that had led to personal allegations against Mr. Jeremy Thorpe, Liberal leader.

Mr. Wilson said that there was no evidence to suggest that the security services of the South African Government were involved.

But he referred to "very strong and heavily financed private master-minding of certain political operations" by private agents financed by South African business interests.

Mr. Thorpe, who was present in the Commons, seemed surprised by the Prime Minister's statement, although there had been much talk in Liberal circles in recent weeks about South African involvement in the affair of Mr. Norman Scott. Mr. Scott has made personal allegations which the Liberal leader has vigorously denied.

Mr. Thorpe left Westminster shortly afterwards, without commenting on the Prime Minister's statement, to take part in the final stages of the Carshalton by-election campaign.

There seemed little respite for Mr. Thorpe yesterday. In the early hours of the morning he telephoned Mr. Cyril Smith, his Chief Whip, who is confined to a hospital bed in his Rochdale constituency, after reports that Mr. Smith was considering resigning his whip's office.

Mr. Smith told Mr. Thorpe that he would resume his duties as soon as he was restored to health.

But in a radio interview later in the morning, Mr. Smith said that he was still considering resignation, thereby fuelling still further speculation about Mr. Thorpe's continued leadership.

Mr. Smith went further in an interview on Independent TV, returning to his theme that some of his colleagues had been less than frank with him about the Scott affair.

Making it clear that he was speaking about a Liberal but not a fellow Liberal MP, Mr. Smith said: "I suspect at least one individual—not Jeremy Thorpe—knows a lot more about the affair than he has been prepared to say."

Mr. Smith has throughout protested his belief that Mr. Thorpe is innocent of the allegations against him.

### Irritation

There was some irritation at Westminster yesterday with what one Liberal MP called "Cyril Smith's absurd sick bed ramblings."

Another MP said that a period of silence would be welcome on the part of all his colleagues, given the imminence of the by-elections at both Carshalton and the Wirral.

There was a feeling, also, that while continued uncertainty could do irreparable damage to the Liberal Party, it would take a "dramatic event" like a highly-unlikely coup by the Parliamentary Liberal Party, to oust Mr. Thorpe before the Liberal assembly in September.

Short of that, only a decision to advance the implementation of the new leadership selection process announced on Monday and the holding of a special assembly could divert Mr. Thorpe from his declared intention of soldiering on until after the Llandudno assembly.

FEATURES



For latest Share Index phone 01-246 8026

# Nigeria cuts sterling element of reserves

BY SAMUEL BRITTAN

GOVERNOR Mallam Adamu Ciroma of the Nigerian Central Bank announced over Lagos Radio yesterday that his country's foreign exchange reserves had been diversified from their predominantly sterling content.

Mr. Ciroma said the move had been taken to protect the reserves from currency fluctuations and because of the increased volume of Nigerian trade requiring payment in various currencies. The reserves are now held in marks, Swiss francs, U.S. and Canadian dollars and Japanese yen, as well as sterling.

Nigeria is among the holders of sterling.

Its diversification out of the U.K. currency has been a long-term policy which was taking place throughout most of last year. The foreign exchange market has been well aware of it and is confident that Nigerian movements played no significant part in the decline of sterling in the last few days.

Signs of disquiet about the future of sterling by the Nigerians are believed to have played a part in the crisis of last July which led to the adoption of the £6 pay limit. It is this which may have led to some misunderstandings. But the present situation, with U.K. inflation rates coming down, and a managed float, is entirely different.

Nigerian reserves held in sterling are believed to have amounted to about £1bn. at the end of last year or a third of Nigeria's total. The diversification policy may have reduced them by about £300m.

There has been a general tendency on the part of the oil producing countries to reduce gradually the proportion of their reserves held in sterling. Oil country sterling reserves are believed to have fallen by about £600m. from a peak of £3.5bn. at the end of March 1975.

**Colin Millham writes:** Sterling closed at further record low levels against the U.S. dollar and major currencies yesterday. But there was less pressure on the pound than in the past few days.

The recent sharp decline was almost halted, and market sources suggested that support by the Bank of England was on a relatively small scale.

The report from Lagos that Nigeria has been diversifying part of its foreign exchange reserves out of sterling had little impact on the market, but a late decline to $1.9380 at one point was partly brought about by selling orders of sterling coming from some European countries.

Sterling closed at $1.9415, a fall of 10 points on the day, and the Bank of England's calculation of its depreciation since December 1971, widened to a record 33.2 per cent. from 33.1 per cent., after improving to 32.9 per cent. at noon.

Other European currencies showed little change in fairly calm conditions. The Italian lira and French franc—which have both been under pressure lately—closed almost unchanged in terms of the dollar, but there were indications of limited intervention by the French authorities to assist the franc.

Speculation over a possible realignment of currencies in the European snake continues, with the French franc, Belgian franc and Danish krone looking particularly vulnerable in relation to the very firm West German D-mark. Any further sharp fall by sterling or the lira could give rise to further unrest within the snake, even though the pound and the lira are not part of the joint float agreement.


Fed lets interest rates slip, Page 4


£ in New York

| — | March 9 | Previous |
|---|---|---|
| Spot | [illegible] | [illegible] |
| 1 month | [illegible] | [illegible] |
| 3 months | [illegible] | [illegible] |
| 12 months | [illegible] | [illegible] |

# Amalgamated Investment share trading suspended

BY QUENTIN GUIRDHAM

AMALGAMATED Investment and Property Company has failed so far to reach agreement with its 40 bankers over financing the development group once its financial year ends on March 31.

At lunchtime yesterday AIP directors asked for trading in all the group's securities to be suspended. A statement last night said only that this action had been taken "pending clarification of the company's financial position."

### Moratorium

AIP ranks as Britain's eighth largest property company, with assets valued at £209m. in the last accounts. Borrowings were more than £120m. and the company appeared to show a deficit running at £10m. annually between interest charges and net income.

At the annual meeting in November, the then chairman, Mr. Jessel Harrison, who resigned last month, said that additional facilities had been arranged with the company's bankers. The moratorium agreed with the banks runs out this month.

A banking adviser to AIP said last night that it was "very, very likely, but not certain" that a new agreement could be reached. However, if agreement was not reached, the company's shares were "not trading at appropriate levels." Talks with bankers were continuing daily, he said.

Among AIP's main unlet buildings are the former Port of London Authority House near the Tower of London; a 200,000 sq. ft. office in Basildon, Essex; London Bridge House; and a large Paris development. AIP was the largest backer of the unsuccessful Hay's Wharf development scheme.

The company was built up by Mr. Gabriel Harrison, who died in 1974. He was succeeded by Mr. Jessel Harrison, his brother, who in turn has been followed, as chairman and chief executive, by a nephew, Mr. Peter Olsberg.

In its efforts to cut its gearing, AIP has made around £20m. worth of sales in the last year and also arranged one of the largest funding deals, for £44.5m., with the Electricity Supply Nominees pension fund on its joint development of the Army and Navy Stores site in Victoria Street, London.

The sales, however, were thought to be at a fifth below book value and, with the fall in the property market, AIP's present assets, last valued in 1973, may be worth a third less than their book value.

### Activity

There had been no unusual activity yesterday morning in the shares, which fell from 75p to 9p at one point last year. Following the suspension, at 16½p, some nervous selling of other property shares followed through fears of another large block of properties being placed on the market by liquidators.

Land Securities ended the day 3p down at 178p and MEPC 4p down at 79p. British Land finished 3p down at 32p and Town and City Properties 2p down at 16½p.



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LOMBARD

# New look at the working week

BY C. GORDON TETHER

THE secretary-general of the OECD, Mr. Emile van Lennep, was doing no more than stating the obvious when he told the first-ever meeting of member countries' Labour Ministers last week that the industrial world *may have to* take a searching look at some of its most hallowed economic and social principles if it is ever again to achieve reasonably full employment.

Yet it is an "obvious" that has so far gone largely unrecognised in the corridors of power. *Indeed, almost all the economic* recovery strategies to which affluent world States are pinning their faith appear to rest on the *assumption that it is* by adhering more tenaciously than ever to existing economic and social orthodoxy that we are most likely to find relief from the unemployment nightmare.

Because the current world economic recession followed closely on the oil prices explosion and the onset of double figures global inflation, there has been a widespread tendency to see the exceptional unemployment it has brought in its wake as temporary—a phenomenon that would disappear of its own accord just as soon as the damage caused by these two "visitations" could be cleared up.

## Inability

However, a close examination of the evolution of the world's economic affairs during the past five to ten years provides clear indications that the capitalist system has been heading for one of its periodic crises for some time past. It is a crisis stemming—as all the previous ones have—from its seemingly built-in inability to keep the growth of the demand for goods moving in close harmony with the expansion in productive capacity for any prolonged period of time.

The unemployment problem which arose from the capitalist system's last big crisis—that *which engulfed the world* at the beginning of the 1930s—rolled on for a decade. And even then it was cured only because the *boost given to economic activity* by war expenditure and wartime devastation provided an antidote of the required fire-*power out of the blue, so to* speak. It is apparent from all the official warnings we are now getting about the probability *that it will be some years before* things return to normal that there is a widespread expectation that the present one will be similarly durable.

In short, it is evident that we have to think in terms of basic reforms of our economic mode of life if the unemployment problem is not to take on a semi-permanent character. And since it looks very much as though the imbalance between the growth of production and the growth of demand behind the onset of the capitalist system's latest crisis is attributable to a tendency for the affluent world's consumer boom to run out of steam, we shall have to start by taking a *searching* look at our "most hallowed economic and social principles."

Does it make sense in these circumstances, *for example, for* all the industrial countries to continue attaching the highest priority to improving the productivity *of their work-forces and* getting them to labour harder so that their manufacturers will be able to compete more effectively *for available markets with one* another? Given the prospect, as things stand, of a slower growth in demand in the affluent world *than we have been accustomed to* during the past two decades, will not the inevitable consequence of the rigorous application of *this principle be to prolong* and accentuate unemployment?

## Third world

There is the further point that there is going to be little hope of the Third World being able to *make any* real impact on its relatively much more serious unemployment problem unless the industrialised countries are willing *to* restructure their own production system to leave sufficient room in world markets for the manufactures that developing countries are best able to produce. And recent authoritative estimates indicate that unemployment now embraces as much as a third of the less-developed countries' working populations if the serious under-employment that is so widespread is taken into account.

There is, then, a great deal to think about. One suggestion that the International Labour Office in Geneva has been canvassing in the run-up to the world employment conference to be held later this year is that the industrialised world should take a long hard look at its standard approach to how and when man should work. This is the orthodoxy that requires him to labour five days a week for eight hours, with an annual holiday of from two to four weeks, and to do this from the time he completes his education to a retiring age in his early sixties.

The ILO has been propounding the view that, if the industrialised countries were to adopt a much more flexible attitude in this matter, this would go a long way to preventing their own unemployment problems developing built-in characteristics and would also provide much more scope for employment in the developing world. The idea is clearly worth a great deal more attention than it has received up till now.

SALEROOM BY ANTONY THORNCROFT

# Fabergé gifts top £300,000

ON MONDAY, the London salerooms had one of their quieter days: yesterday they became the centre of the world art market again. In particular, Christie's sold 58 of the intricately carved gifts made by Carl Fabergé around the turn of the century for the Russian Imperial family for a remarkable £304,860, well *above expectations.*

The only item not sold was retrieved before the auction by the British businessman Robert Strauss, who *disposed* of the collection, the finest of Fabergé's work to come on the market for years.

Strauss had bought the objects in the decades immediately after the war and had obviously acquired some tremendous bargains.

For example, in 1957, he bought numerous items from the collection of King Paul of the Hellenes which were sold at Sotheby's. A Cornelian dormouse, 2 inches long, sold then for £310: yesterday it made £7,000. A pale rose quartz chick, 1¾ inches high, went for £300 in 1957 and made £7,000, to How, yesterday.

And so it goes on, with a purpurine baby rabbit, 1¾ inches high, making £5,000 yesterday as against £420, and a bowenite frog bonbonniere, 2¼ inches wide, £4,200 compared with £860 less than 20 years ago.

The highest price of the day was the £36,000 paid by How for a vase of wild straberries, 6¼ inches high, which had been estimated to sell for between £10,000 and £20,000.

A spray of gentian sold for £24,000 (estimate £10,000-£15,000) to a private buyer, who also gave £17,000 for a spray of *lilies* of the valley.

This Fabergé snail sold at Christies for £15,000

How also acquired a vase of anemones for £19,000. (A 10 per cent. buyers' premium should be added to all these hammer prices.)

Among the animals and the birds in the collection, a nephrite snail was bought for £15,000 and an agate maribou stork, which had sold at Christies in 1937 for £78, was sold to Kleinfelt for *£10,000. The same buyer took an* obsidian seal for £10,500. A buttercup spray went to the National Museum of Stockholm for £7,000.

Sotheby's Belgravia auction room held a sale of Victorian paintings, which was heavy with *interest and high prices. The* total of £177,910, with only 2.2 per cent. bought in, suggests *that this is yet another sector of the fine art market which has* recovered its confidence.

The feature of the sale was the £2,900 paid by a dealer *(acting for a collector of paint*ings by members of the Royal Family) for two still-life oil paintings which had been attributed in the catalogue to Queen Victoria.

Just before the sale, Mr. Peter Nahum, of Sotheby's, announced that the pictures were the work of the Queen's daughter, Princess Victoria. They had been signed "Victoria" and there was a tradition in the family that owned them that they were the work of the Queen.)

Earlier, Sir Oliver Millar, Keeper of the Queen's Pictures, had maintained that the oils could not have been Queen Victoria's work because "they were just too good."

They had been estimated to fetch only £200 each, but the publicity obviously attracted a wider demand.

Apart from this excitement, the auction went extremely well. A Tissot, Going to the City, was *just above forecast, selling to* the Alexander Gallery for £8,500

RACING BY DOMINIC WIGAN

# Parrish in Newmarket search

MALCOLM PARRISH, the highly-successful British ex-patriate who surprised many people on both sides of the Channel recently when he said that the large owner was better off in Britain than in France, seems to be making a determined effort to find a Newmarket yard.

Last week "Pip" Paine, one of his two trainers, flew over from Paris and saw over a dozen Newmarket yards and Parrish is said to be going to look round the headquarters of British racing himself within the next few days.

Parrish has two yards and a string of 90 horses at Chantilly, where it costs about £90 a week to keep a horse in training, and believes that he will have to win well over £500,000 in prize money this year to break even.

There are few shrewder trainers than Derek Kent when it comes to placing horses, and I shall be more than surprised if the Chichester trainer has cause to regret his decision to let *Tinker Boy* take his chance in to-day's three-runner Sidbury 'Chase at Worcester rather than wait until to-morrow at Wincanton.

**WORCESTER**

**2.00—Tinker Boy*****
**2.30—Be Cannie**
**3.00—Prince Rock****
**3.30—All My Love**
**4.00—Star Pearl**
**4.30—Buck's Fizz***

Tinker Boy, who opened his account in this country when winning over this two miles course and distance early in the season, could not have been more impressive at Newton Abbot just over two weeks ago, where he came home 20 lengths clear of the runner up, I'm Smart. A reproduction of that form should see Tinker Boy win with the minimum of *fuss* here.

Dad's Army, who put up several smart performances before falling at Cheltenham *last time out, is preferred* to the other runner, Go-Over, for the forecast.

Another race which has cut up *badly is* the day's *feature* event, the three miles five furlongs King John Chase. Here only *Prince Rock*, Norwell, *Hinterland, Herminius* and Eyton Rising are standing their ground.

Of these, Prince Rock, from Peter Bailey's stable, seems likely to provide the answer. A good second to Black Tudor in Haydock's Tobacco Trial Chase *six weeks ago. Prince Rock went* one better last time out when defeating Romany Boy at Towcester. Although conceding *7 lb, he won by 1½ lengths.*

Hinterland, a tough son of Hethersett, is likely to provide the chief threat.

GARDENS TO-DAY

# Just nuts about hazel

BY ROBIN LANE FOX

WHY has this been such an exceptionally fine season *for* hazel catkins? Because last summer was so warm, or because this winter has not been severe? Perhaps, like ourselves, they merely have a good day from time to time. But it has been possible to see how important the hazel has become in our hedgerows, its presence being shown up by clouds of greyish yellow catkins when *there is nothing* else in leaf. One would not guess its prominence in mid-summer.

Are hazels any use in the garden? Edwardians thought they were, and planted those nut-walks in the extremeties of their formal gardens where the lower terrace shaded into woodland. If you have a lower terrace you could do worse, especially if your garden is on chalk soil. The hazels throw up an armoury of long stems which can be bent very easily. The finest show of hazels which I know is in a small enclosed French garden where the hazel has been trained over an arched walk, each branch being tied to a wire frame be*tween intervening hoops of iron.* The catkins hang down from the ceiling in February; the leaves shade the walls, in which win*dows are clipped to give air in* summer. I would like this hazel-walk down one side of a vegetable garden which had been laid to a formal plan: hazel-trees do produce hazel nuts, though very few passers-by or nut-eaters make the association between nut and catkin-flower.

## Soft spot

*Miss Jekyll had a soft spot for* hazels and a good idea for their place in gardens. A path, she thought, could be over-arched *with hazels, while the hazels* could be underplanted with hellebores. This association is very successful. The hellebores *need no more light* than the canopy of hazels allows. They flower when the hazels are bearing catkins and the two varieties go well together, something which cannot be *judged* by their separate habits but which emerges when they are neighbours. If you have some hazels, thin them, clear the ground beneath, and try a carpet of hellebores, not just the wild green-flowered Hellebore either. Yellowish, spotted and purpleish variations on the Lent Hellebore *(Orientalis)* will thrive there.

The hazel has other advantages. Perhaps you think that its twigs will divine water: certainly, they are the best sort of pea-stick, a necessity whose price has taken a most unwelcome jump. A day in the woods is now a chance to collect some *pea-sticks as well* as some leaf-mould from the ground beneath the trees. If you come to grips with a hazel, notice that its con*spicuous* catkins are the male flowers on the tree, while the female flowers go their way drably, only showing up when caught by the sun.

There are two interesting variations for the garden, each of which stands at the top of its *class. I am reminded* of the man in Peacock's novels who called his host's new landscape improvements "interesting," only to be asked what he would call them when he saw them a second time. The twisted Hazel *(Corylus Contorta)* was discovered in a hedgerow in Gloucestershire in 1863 by a man who must have had other business in the hedge.

It is not tall but it is twisted and contorted even more than the tortuous varieties of willow, shown in Chinese paintings. It is so twisted *that* it must be kept as a curiosity, the sort of thing which is amusing to show to a visitor but *which* is not so easily placed in a garden. It does not become very tall and is sometimes placed on either side of a flight of steps where it stands out against the sky. It is also known vulgarly as "Harry Lauder's Walking stick" a ridiculous name which reminds me of my warped old 'T... of the great man wh... just keeps on to the en... road. As the needle sli... one refrain to the har... *the old singer lurching* ... grooves on a staff of ... torted hazel, no longer steer a straight course. you *like unusual* shape... fashionable group of ... tural plants, the twisted the most curious which bought.

## Red border

If on the other hand, reddish-purple leaves m... I do, you must try a ... the purple-leaved hazel, *Maxima* or "Purpurea" usually called. Properly this is a splendid p... students of the fam... border at Hidcote in Gl... shire will be aware. ... long bed of red flow... purple hazel is mass... time to time *to give* a ... ruby-red leaves. I co... at home until I chan... colour scheme and cou... *the hazel no* longer. ... important, I found, to p... purple hazel very har... autumn or winter so t... mained no larger than ... It then throws up fre... leaves in spring. It we... to a height of three or ... in a year and could b... quite easily. It is so m... congenial than that awf... purple berberis whi... payers' money fina... municipal beds. It is ... ever, an evergreen.

If you want bright fl... leaves or *contortions,* have to investigate t... Coryiopsis and be sure ... soil is not *too* limey ... garden exposed to spri... But a contented Cor... pretty from year to ye... year, the hazels have ... themselves, so we migh... think of a hazel-walk ... leaved hazel clump t... their occasion.

# BSC man calls for steel scrap index

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

THE NEED for a steel scrap price index to indicate price trends both for merchants and steel producers was underlined yesterday by Mr. Douglas Keeling, the British Steel Corporation's manager of scrap supplies.

Since what was known as the Rotherham price list was abandoned nearly three years ago because of Britain's membership of the European Coal and Steel Community, BSC has radically rationalised its supply arrangements, reducing 320 suppliers to under 30, with whom it negotiates individually on a month-by-month contract basis.

As a proportion of raw materials for making steel, scrap is diminishing in importance for BSC, which has been buying 5-6m. tons annually. But with the increase in privately owned mini-mills operating chiefly on scrap, the need for it overall is increasing.

What is feared, in th... of any price *guide* ... organised purchasing a... majority of suppliers, is ... into unprofitable comp...

The Midlands is on... most important areas ... supplies, and Mr. Keeli... the *Midlands* Scrap A... to agree a consistent ... procedure, which ideal... involve a price fixed f... three months.

# TV/Radio

† Indicates programme in black and white.

## BBC 1

7.05 a.m. Open University. 9.15 For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Teddy Edward. 1.30 The Mister Men. 2.01 For *Schools, Colleges. 3.30 Day and* Night. 4.00 Play School. 4.25 Deputy Dawg. 4.30 Jackanory. 4.45 Screen Test. 5.05 John Craven's Newsround. 5.15 Rocky O'Rourke (serial). 5.40 Captain Pugwash.
5.45 News.
6.00 Nationwide.
6.45 Men of Action, film.
8.15 The Morecambe and Wise Show.
9.00 News.
9.25 Ice Society. Highlights from annual gala skating performance.
9.50 Sportsnight.
10.45 To-night.
*11.20 Weather, regional news.*

All regions as BBC 1 except at the following times:

Wales—5.15-5.35 p.m. Mae Gen i *Stori.* 5.35-5.45 The Clangers. 6.00-6.45 Wales To-day. 6.45-7.15 Heddiw. 7.15-7.45 Pobol y Cwm. 7.45-8.15 Steptoe and Son. 11.20 News and Weather for Wales.

Scotland—10.23-10.43 a.m., 2.40-3.00 p.m. For Schools. 6.00-6.45 Reporting Scotland. 11.20 p.m. News Summary and Weather for Scotland.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-6.45 Scene Around Six. 10.45-11.15 Spotlight on what matters to people in Northern Ireland. 11.15 p.m. News and Weather for Northern Ireland.

England—6.00-6.45 p.m. Nationwide: Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look *East (from Norwich); Points West* (from Bristol); South To-day (from Southampton); Spotlight South West (from Plymouth).

## BBC 2

6.40 a.m. Open University.
10.35 Nai Zindagi, Naya Jeevan.
11.00 Play School.
5.25 p.m. Open University.
7.05 On Union Business.
*7.30 Newsday.*
8.00 Gardeners' World with Percy Thrower.
8.25 Arena: Art and Design.
9.00 Nana Mouskouri.
9.45 One-Upmanship (new series).
10.25 Microbes and Men.
11.15 Newsnight.
*11.30 Paul Scofield reads from "Mythistorema,"* "Argonauts," by George Seferis, tr. by Rex Warner.

## LONDON

9.30 a.m. Schools Programmes. 12.00 Rupert Bear. 12.10 p.m. Rainbow. 12.30 Mr. and Mrs. 1.00 First Report. 1.20 Lunchtime To-day. 1.30 Crown Court. 2.00 *Good Afternoon.* 2.30 Couples. 3.00 About Britain. 3.25 There Goes That Song Again. 3.55 General Hospital. 4.25 How. 4.50 The To-morrow People. 5.20 The Flintstones.
5.50 News.
6.00 To-day.
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 Man About The House.
8.30 Up The Workers.
*9.00 Sez Les Special.*
10.00 News.
10.30 Wednesday Special.
11.25 Professional Wrestling.
11.55 What The Papers Say.
12.10 a.m. Visions of the Spirit. Very Rev. A. C. Bridge, Dean of Guildford.

All ITV regions as London except at the following times:

### ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 5.20 Hogan's Heroes. 6.00 About Anglia. 11.55 The Big Question.

### ATV MIDLANDS

1.20 p.m. ATV Newsdesk. 5.20 ATV Today I. 6.00 ATV Today II.

### BORDER

*12.30 p.m. Untamed World. †1.20 Border* News. 5.20 Supersonic. 6.00 Border News. 12.05 Border News Summary.

### CHANNEL

1.20 p.m. Channel News. 5.20 Supersonic. 6.00 Channel News. 6.10 Link Up. 11.55 Epilogue followed by News and Weather in French.

### GRAMPIAN

1.20 p.m. Grampian News Headlines. 5.20 Thrillseekers. 5.45 Police Newsroom. 6.00 Grampian Today. 10.30 Bradford Godfather. 11.55 Evening Prayers.

### GRANADA

1.20 p.m. This Is Your Right. 5.15 Take Kerr. 6.00 Granada Reports. 6.30 *University Challenge.* 11.25 What The Papers Say. 11.45 Professional Wrestling.

### HTV

12.30 p.m. Bygones. 1.20 Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 4.55 General Hospital. 5.20 Daily Fable. 5.25 Crossroads. 6.01 Report West. 6.15 Report Wales. 6.30 Survival. 10.30 Bradford Godfather.

HTV—Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.25-4.50 Rhifeddodau. 6.01-6.15 Y Dydd. 10.30 Yr Hens'r Nowydd yng Ngrenyng. 11.05 O'r Wasg.

*HTV West—As HTV General Service* except: 11.20-11.35 a.m. Believe It Or Not. 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West. 11.25 Professional wrestling.

### SCOTTISH

1.25 p.m. Road and Weather Report. 2.00 Housecall. 5.20 The Bark Family. 5.25 Crossroads. 6.00 Scotland Today. 6.30 The White Line. 11.55 Late Call—Rev. Calum MacCorquodale, St. Kessog's Church, Callander.

### SOUTHERN

1.20 p.m. Southern News. 2.00 Houseparty. 5.20 All Fowled Up. 5.25 Crossroads. 6.00 Day by Day. 11.55 Southern News Extra. 12.05 Weather and Guideline.

### TYNE TEES

2.00 p.m. Women Only. 5.20 Today Before Six. 6.00 Today at Six. 10.30 Bradford Godfather. 11.25 Chess Masterpieces. 11.35 Epilogue.

### ULSTER

1.20 p.m. Ulster News Headlines. 4.23 Ulster News Headlines. 5.20 Out of Town. 6.00 UTV Reports.

### WESTWARD

12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.20 Supersonic. 6.00 Westward Diary. 10.30 Bradford Godfather. 11.55 Westward Late News. 11.58 Faith For Life.

### YORKSHIRE

5.20 p.m. Calendar. 6.00 Calendar (Emley Moor and The Weather) Belmont editions.

## RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Paul Burnett. 12.00 p.m. Johnnie Walker, including 12.30 Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 It's D.L.T. OK! 5.45 Newsbeat. 6.02 Sam Costa (S) (joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

## RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S), including 6.15 Pause for Thought. 7.02 Terry Wogan (S), including 8.27 Racing Bulletin. 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S), including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.55 Good Listening (VHF). 2.02 p.m. David Hamilton (S) as Radio 1, but including on 1500m only (also 202m Scotland) 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 Sam Costa (S), including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Pros and Cons (S) Entertainment with confidence tricks. 7.30 The Great American Railroad—Part 7: The Freedom Road. 8.02 All Time Hit Parade (S). 9.30 Sing Something Simple (S). 10.02 Sports Desk. 10.05 Command Performance (S). 11.02 Jean Challis with The Late Show 1500m. only (also 202m Scotland) VHF joins Radio 1). 12.00-12.05 a.m. Midnight Newsroom.

## RADIO 3 464m, Stereo & VHF

7.00 a.m. News. 7.05 Your Mid-week *Choice (S) Arne, Hammel, Schubert.* 8.00 News: Weather. 8.05 Your Mid-Week Choice (S)—Part 2: Giovanni Battista Sammartini, Palestrina, Bach. 9.00 News. 9.05 This Week's Composer: Tippett (S), *records.* 9.45 String Quartets Concert: Richard Meale, *Debussy* (S). 10.35 St. David's Music Week 1976—second concert, part 1 (S). 11.35 Words—Eleanor Bron. 11.40 Concert—part 2 (S). 12.15 p.m. Prague Spring Festival 1975 Concert: Tchaikovsky (S). 1.00 News. 1.05 Concert Hall—Concert: Handel, Van Eyck, Telemann, Henning Christiansen, Berio, Vivaldi (S). 2.00 Royal Repertoire—Ballet music by Meyerbeer, arr. Constant Lambert, Poulenc (S). 3.15 Mozart—Piano *recital* (S). 3.40 St. David's Music Week 1976—Third concert: Alun Hoddinott, William Mathias, Daniel Jones (S). 5.00 Choral Evensong from Llandaff Cathedral. 5.45 Homeward Bound (m/w only). 6.05 News (m/w only). 6.10 Homeward Bound (m/w only). 6.30 Lifelines—Language and Communication (m/w only) 6.30 Wegweiser (series) part 19: Was werden Sie nächste Woche machen? 7.00 Ensemble (series) part 30: Quels sont les avantages à habiter en province? 7.30 Chopin—Piano recital of mazurkas (S). 8.00 Royal Philharmonic Society—Concert, part 1: Debussy, Bloch (S). 8.50 The Arts Worldwide. 9.10 Concert—part 2: Beethoven (S). 9.55 Scientifically Speaking. 10.30 One Piano, Four Hands—Duet recital: Dvorak, Brahms (S). 11.25-11.30 News: Weather.

Radio 3 VHF only—6.00-7.00 a.m. and 5.45-7.30 p.m. Open University.

## RADIO 4

434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the day. 6.45 Today including 6.50 VHF Regional News and Weather. 7.00 News, more of Today. 8.00 News, more of Today. 8.45 Yesterday in Parliament. 9.00 News. 9.05 The *Living World.* 9.35 Finger on the Pulse (series). 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Sweet Songs of Zion. 11.30 Thirty-minute Theatre. 12.00 p.m. News. 12.02 You and Yours. 12.20 Brain of Britain 1976. 12.55 Weather and programme news, VHF (except London and SE). 1.00 News. 1.30 The Archers. 1.45 Woman's Hour. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 The Devotees. 4.35 Story Time. 5.00 PM Reports. 5.50 Financial Report. 6.00 News. 6.15 Oh, Get On With It! 6.45 The Archers. 7.00 News Desk. 7.30 It's Your Line. 8.30 Poetry Prom. 9.30 Kaleidoscope. 9.59 *Weather.* 10.00 The World Tonight. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.30 News preceded by Weather.

For Schools (VHF only) 9.05 a.m. to 12 noon and 2.00 to 3.00 p.m.

## BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Susie Barnes with Rush Hour. 9.00 Richard Vaughan with Downtown. 11.03 In Town. 12.03 p.m. David Simmons' Call In including 12.45 London News Desk. 2.03 Paul Owens with 206 Showcase. 4.03 In The News. 4.32 Tony Fish with Home Run including 5.00 and 6.00 London News Desk. 7.00 In Town. 8.00 Quest. 8.30 Soul 77. 10.03 Robbie Vincent's Late Night London. 12.00-12.05 a.m. As Radio 2.

## London Broadcasting

261m and 97.3 VHF

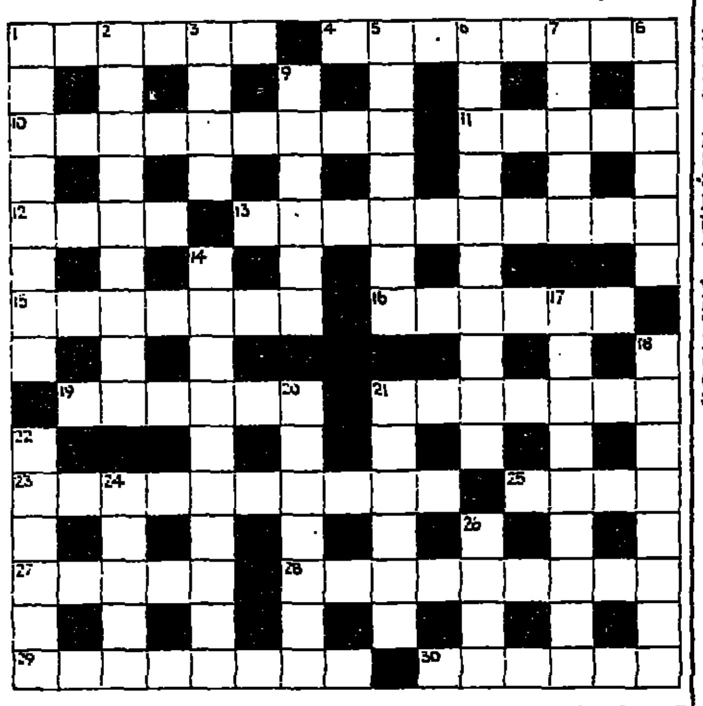
5.00 a.m. Morning Music. 6.00 "AM"—breakfast-time show. 10.00 Brian Hayes. 1.00 p.m. Newswatch. 5.00 Newsbreak. 7.30 Jazz in Stereo. 9.00 Nightline. 1.00-4.30 a.m. Nightwatch—news every half-hour.

## Capital Radio

194m and 95.8 VHF

6.00 a.m. The Breakfast Show. 9.00 Michael Aspel. 12.00 Cash on Delivery. 3.00 p.m. Roger Scott. 7.00 London Today. 7.30 Open Line. 9.00 Rock Show. 11.00 Tony Myatt. 2.00 a.m. Night Flight.

## F.T. CROSSWORD PUZZLE No. 3,026



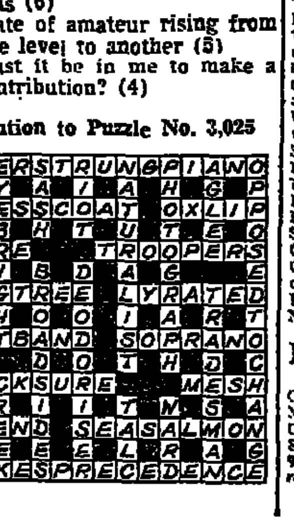
ACROSS

1 Ideology from Mimosa (6)
4 The ready place to realise (4,4)
10 Cried like the carpenter without bitter (4,1,4)
11 Perfect for one to distribute (5)
12 I managed in a foreign country (4)
13 Any housewife can do it—it might be super (2,2,6)
15 A short day gives entry to the ship (7)
16 *Home-help* that should not be dropped (6)
19 A Frenchman passes on *en déshabille* (6)
21 "With pleasure her heart goes—in revenge for her loss of bacon" (Gay) (7)
23 He is ready to stand a pint *to one* in need (5,5)
25 Judge of a township, we hear (4)
27 Two ducks about to follow *the South Island district* (5)
28 Get them to the river and my wife appears (3,6)
29 On which the words of wisdom *often fall* (4,4)
30 A delicate offer (6)

DOWN

1 The dogs are responsible for mother's quarrels (8)
2 You *have choice* about the time for action (9)
3 The animal bears the mark of approval (4)
5 "He —— the ravens and visits censure on the doves" (Juvenal) (7)
6 Hackneyed about one portion split three ways (10)
7 Vertical vantage point for stout explorer (5)
8 Male groups in ancient Greece (6)
9 Get rid of class in schools (6)
14 "Madam, I'm Adam" was presumably the first (10)
17 Uttered with all speed (9)
18 Are moist somehow with spray (8)
20 Moby Dick turns up at Speakers' Corner (7)
21 For the time being take tea during the interval (3,3)
22 A sailor makes his way overseas (6)
24 State of amateur rising from one level to another (5)
26 Must it be in me to make a contribution? (4)

Solution to Puzzle No. 3,025




# ENTERTAINMENT GUIDE

## OPERA & BALLET

COLISEUM (01-836 3161) ENGLISH NATIONAL OPERA Tonight, Fri. & Mon. 7.30 Mary Stuart; Tomor. 7.30 Tosca; Sat. 7.30 Idomeneo; Tue. 7.30 King Roger.

COVENT GARDEN 240 1066 LA SCALA MILAN Tonight 8 Verdi Requiem; Tomor. & Sat. 7.30 La Cenerentola; Fri. 7.30 Simon Boccanegra THE ROYAL BALLET Tue. 7.30 La Fille mal gardee; some *seats available. 65 Amphitheatre seats* for all perfs. for sale from 10 a.m. on day of perf.

SADLER'S WELLS TH. Rosebery Ave. EC1 837 1672 (Recorded bkg. inf: 278 5450). Last 2 weeks. Evs. 7.30. Mats. Weds. & Sats. 2.30. D'OYLY CARTE in GILBERT & SULLIVAN. Today: The Yeomen of the Guard. Tomor., Fri. & Sat.: Ruddigore. Seats available from 50p-£2.50.

## THEATRES

ADELPHI THEATRE. 01-836 7611. Evgs. 7.30. Mat. Thurs., Sat. 3.00. VIRGINIA McKENNA JOSS ACKLAND A LITTLE NIGHT MUSIC BEST MUSICAL OF 1975 Awards.

ALBERY. 836 3878. Evenings 8.00. Saturdays at 4.0 and 8.15. Best performance by an Actress. Evening Standard Award. DOROTHY TUTIN TIMOTHY WEST *DEREK JACOBI* JOHN TURNER A MONTH IN THE COUNTRY "AN ECSTATIC EVENING." Sun. Tel. LAST 3 WEEKS.

ALDWYCH. 836 6404. Info. 836 5332. Royal Shakespeare Company (Evenings 7.30. Matinee 2.0) Today (mat) Fri. & Sat. (eve) HENRY V: Tonight, Sat. (mat) & March 17 HENRY IV Part 1: Tomor. & March 18 HENRY IV Part 2. RSC also at ROUND HOUSE —See R.

AMBASSADORS. 836 1171. Evgs. 8.0. Matinees Tues. 2.30. Sat. 5.30. 8.30. HAPPY AS A SANDBAG THE WONDERFUL HIT MUSICAL "Delightful. Don't miss it." Daily Exp.

APOLLO THEATRE 437 2663 *LAST WEEK*—must end Saturday RONALD PICKUP in The Award-winning comedies by ALAN AYCKBOURN THE NORMAN CONQUESTS BEST PLAY OF THE YEAR 1974 Evening Standard Drama Award TABLE MANNERS Today 3.0, Fri. 8.15;

GARRICK. 01-836 4601. Evgs. 8.15. Mat. Wed. 3.00. Sat. 6.00 and 8.40. RICHARD BRIERS "Marvellous." Gdn. ABSENT FRIENDS "ALAN AYCKBOURN'S FINEST, FUNNIEST PLAY." H. Hobson, S. Times.

GLOBE THEATRE. 01-437 1592. Opens tonight 7.0. Subs. Evgs. 8.0. Mat. Wed. 3.0. Sat. 5.0 & 8.15. TONY BRITTON, PETER BLYTHE, JILL MELFORD. THE CHAIRMAN *A Comedy by PHILIP MACKIE*

GREENWICH. 858 7755. Evenings 8.0. Mat. Sat. 2.30. Morag Hood and Freddie Jones in THE BELLS

GREENWOOD LONDON BRIDGE. Until May 22. Festival du Theatre Francais. BECKETT now; then Arrabal. Simultaneous Translation. Details 403 0592.

HAYMARKET. 930 9832. Evenings 8.0. Mat. Wed. 2.30. Sat. 5.0 and 8.15. Edward Woodward, Geraldine McEwan, Jennie Linden, Edward Hardwicke in Frederick Lonsdale's ON APPROVAL "You should rush to see it." Dly. Tel. "It got by approval." E. News. "An evening of comic delight." *Harold Hobson, Sunday Times.*

HER MAJESTY'S. 930 6606. Evgs. 8. Mats. Wed. 2.30. Sat. 5.45 and 8.30. The New Hit African Musical IPI TOMBI "PULSATING MUSICAL." Evg. News. "The huge cast is superb." Sun. Times.

KING'S ROAD THEATRE. 352 7488. Mon. to Th. 9.00. Fri., Sat. 7.30, 9.30. THE ROCKY HORROR SHOW "BEST MUSICAL OF THE YEAR" Evening Standard Drama Award.

LYRIC IN REPERTORY. 437 3686. Today at 3.0 & 8.0. JOAN PLOWRIGHT, HELEN MIRREN, JOHN MOFFATT, FRANK GRIMES in THE BED BEFORE YESTERDAY Tomorrow to Wed., March 17. *THE SEA GULL*

LYTTELTON (National Theatre). 928 2252 Box Office open. Booking now for first-ever paid public performances 16 March to 30 April. For full details write (with s.a.e.) to Contact Dept., National Theatre, South Bank, London, SE1 9BX. Open dress-rehearsal JOHN GABRIEL BORKMAN 2.30 today 50p only (service charge) at the door.

MAYFAIR. 629 3036. Mon.-Thur. 8.15, Fri., Sat. 5.45 & 8.30. James Bolam, Jane Asher, Stephen

SHAW THEATRE. ... Last 4 days—Evening... J. P. DONLEAVY THE GINGER M...

STRAND. 836 2660. Ev... Mats. Thurs. 3.00. Sats. 5.... Doris Hare, McDonald, Arthur Howard, Barry ... NO SEX PLEASE, WE'RE ... Directed by Allan D... LONDON'S LONGEST LAUGH

TALK OF THE TOWN. 01... From 8.15. Dining and Danc... New Revue SWEET TEMP... and at 11 p.m. LENA MARTELL

THEATRE ROYAL, STRATF... 534 0310. Evgs. at 8. L... SIMON WILLIAMS, JUDGE JEFFREYS "Fun at the gallows." E...

VAUDEVILLE. 836 9988. Ev... Mats. Tues. 2.45. Sat. 5.0... Margaret LOCKWOOD Paul DANEMAN and Barr... DOUBLE EDGE "IT IS FAR AND AWAY ... THRILLER IN TOWN."

VICTORIA PALACE. ... Evgs. 8.0. Wed. and Sat. 6.... BALLET ESPANOL "S... LUISA ARANDA AND JOS...

WHITEHALL. 01-930... *Evenings 8.00.* Sat. 6.45 PAUL RAYMOND pre... Britain's No. 1 Sex Sh... FIONA RICHMOND COME INTO MY B...

WINDMILL THEATRE. ... PAUL RAYMOND pre... LET'S GET LAID Twice nightly at 7.00 an... 2ND SENSATIONAL Y...

WYNDHAM'S. 836 3028. Ev... Sats. 5 and 8.15. Mats. ... JIMMY JEWEL in COMEDIANS By Trevor Griffiths. "The m... play in London." Sunday ... Transfers from the Old ... MUST END NEXT MO...

YOUNG VIC. MACBETH, AUNT, OTHELLO, FANTAS... GROUND, ALL WALKS OF JOHN LENNON.

YOUNG VIC (by Old Vic). Tnt. 8 AS YOU LIKE IT. 8...

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haze

devision

# Here is the news by CHRIS DUNKLEY

here were two good reasons spending last week watching ything put out by BBC Tele- n which could be described current affairs." First, one he members of the Annan mittee which is considering future of broadcasting in ain has been busy behind the es recently asking "Why is BBC no good at current rs?" and it seemed time to k the generalisation con- d in that question.

cond, Sir Huw Wheldon's ard Dimbleby Lecture on e British experience in tele- n" was characterised by a interesting omission: though nentioned by name all sorts programmes in the drama, edy, sport, music, documen- and light entertainment ads, and beat the drum in nimitable way for all these cts of television, Sir Huw d to mention a single ent affairs programme (if nemory serves) and his brief generalised reference to the ect was prefaced by a sad ation from Oliver Whitley: e country divided puts the on the rack."

I have been watching *onwide*, *Newsday*, *Pano- s*, *Terra Firma*, *Tonight* and of other programmes—series singles—for 10 days, and to report that the Annan mittee member, though ing it a bit strong perhaps, a lot of justification for that tion.

is significant that the two important (and, I suspect, oth the short and the long the most influential) events BC current affairs last week the Solzhenitsyn interview *Panorama* and the pro- ime made by the British paign To Stop Immigration n on *Open Door*. It is ficant because the BBC's as a body of professional deasters was minimal in cases: Solzhenitsyn is a selecting subject and the act of the programme had a t deal to do with the man self and his reputation and very little to do with the BBC or its programme-making abilities.

In fact Michael Charlton's questioning was much too diffi- dent: one wondered what on earth Solzhenitsyn meant by claiming that in the West "There is this universal adula- tion of revolutionaries" but Charlton did not even bother to ask (though it could, presum- ably, have been a translation error). Perhaps I misunderstood him, but in the end Solzhenit- syn's thesis semed to boil down to the complaint that the West has failed to live up to the mis- conceptions of it that he developed while inside Russia.

Trevor Humphries

*'Programmes about current affairs and current issues are easy, I imagine, when the country is united, and when national purposes are discernible and agreed upon. But to-day, as we grope our way forward towards new forms of belief and behaviour, there are divisions. Divisions about manners and divisions about morals, as well as divisions about politics. And on controversial matters, one man's programme meat can very easily be another man's pro- gramme poison.'*

*Sir Huw Wheldon*

"Freedom is indivisible," he said, and indeed it is: the whole point about freedom of speech (implying, too, freedom of the Press and of broadcasting) is that you cannot divide it between those that you—or the Government, or the Establish- ment, or the police, or the self- appointed censors, or even the majority—happen to agree with and those that you happen to disagree with. If you dish it out, like Brownie badges, to the approved few, that is not free- dom at all but something very close to the opposite. "Free- dom" must even involve the freedom to be irresponsible sometimes; the crime of which Solzhenitsyn accuses the Wes- tern Press.

Unless you permit the politic- ally abhorrent to carry on their proselytising you cannot claim freedom of speech. Which brings us to the public access series, *Open Door*, and the anti- immigrant programme. I intensely disliked its message, and many of its methods. The street interview in which the woman asked "Why are the whites encouraged to go on the pill when these immigrants have a baby every year?" was getting very close to some of the pre- war Nazi film propaganda. Yet I have—if unhappily—to admit that experience as a newspaper reporter suggests that the views expressed here may well repre- sent not just a large minority but even a majority, terrifying though the thought of that is.

As already indicated, however, these programmes were excep- tions. On the whole, 10 days viewing suggested that the BBC *isn't* very good at current affairs at present, and, that having been said, the temptation is to hunt for some common denominator to explain the failings. There are one or two general points that can be made. For instance the BBC's most successful cur- rent affairs series are those that are most specialised and operate on the outside edges of the hard news area—*To-morrow's World*, for example, and *The Money Programme*.

As it happens, last week's *Money Programme* was a some- what over-academic studio dis- cussion on the economic philo- sophy of Adam Smith, and *To- morrow's World* happened to deal with two subjects on which I have some little knowledge— sailing (actually sand yachting) and modern newspaper print composition—in which they showed themselves to be either wrong or facile, raising, as tele- vision does so often, doubts about the accuracy of pro- grammes in the many areas where one's expertise is lacking.

Of the sand yacht Judith Hann reported blithely "When you want to put on speed all you have to do is tighten up the rope" which must have made sailors all over the country laugh like drains. Of facsimile transmission the programme im- plied that this was something from to-morrow's world, or at least something quite new, when in fact the *Daily Mirror* installed the system in 1965 between Man- chester and Belfast, ceasing use in 1971 not least because of the bombing of the Irish plant.

Yet *To-morrow World* and *The Money Programme* are among the BBC's best current affairs series. The faults of so many of the others were typified and even exaggerated last week in a programme produced by Michael Weigall called *A Portrait Of Richard Marsh* which was anodyne and safe to the point of pusillanimity and would have been better titled *An Oddly Timed Tribute To Richard Marsh*.

After all that, however, it must be said that the reasons for the failings in different series — *Nationwide*, *To-night*, and *Terra Firma* for instance— vary very widely, and that un- fortunately no single radical action could be expected to pro- duce a common cure.

The *Nationwide* team persists in humouring the audience and treating us all like big children, spoon feeding us bland slops with the occasional pill buried in a wodge of goo. Film of rows of houses in a review of Milton Keynes is accompanied, with stunning inevitability, by that hackneyed folk song about ticky tacky little boxes looking all alike, although nothing as basic as a reason for building them in the first place is ever given. Shots of children's shoes for a brief item about foot health are accompaniesd (yes, I realise you're ahead of me) by "These boots were made for walking."

But the most dispiriting thing about *Nationwide* is its insist- ence on playing with the "nationwide" facility and "going nationwide" every even- ing whether or not there is a good reason. Having once "gone nationwide" to discover amateur meteorologists in all regions, or rural dropouts, or whatever it may be, the form is to hurry and hustle the subjects through, prefacing questions with "Very briefly now ——" and repeatedly interjecting "I'm afraid we must move on" as though there were some externally imposed statute restricting interviews to two minutes. In order to improve *Nationwide* (which has at least mastered its basic techniques at last) needs to re-think all its underlying values. Or perhaps think of a few in the first place.

The amazing *Terra Firma* on the other hand may have some useful underlying values for a Sunday evening magazine pro- gramme, but its team need to learn the basic—very basic— techniques. Indeed they are doing this before our very eyes week by week as they re-explore every inch of the territory dis- covered, conquered, and aban- doned by previous magazine programmes during the last 25 years. To watch Alastair Clayre doing one of those tortuous studio links in which Brylcreem has to be verbally connected somehow with stone cleaning is to be offered a really nostalgic whiff of the fifties.

*Tonight*, which started so disastrously, has been slowly but quite steadily improving, the improvement being in direct pro- portion to the number of gimmicks abandoned. Now that it is almost stripped down to a nuts-and-bolts current affairs programme it is nearly as good as the run of the mill *Midweek* which it replaced and may very well, I suspect, get a lot better.

There is no simple single answer to that original question, and Oliver Whitley's comment is of no help because the last time the country was not "divided" was in about 1945, and even then it was united in only one very limited sense. Perhaps improve- ments might be encouraged if all current affairs staffs were advised to concentrate more on the information and education mentioned in the BBC Charter, leaving more of the light enter- tainment to the Light Entertain- ment department.

Torlav Maurstad and Liy Ullman

Oslo theatre

# O'Neill, Capek, Ibsen and Coward by OSSIA TRILLING

A return visit to Oslo's theatreland proved highly re- warding. First there was the new production, subtly directed by José Quintero from New York, of O'Neill's soul-searching drama that brought the auto- biographical cycle about the Tyrones to an end in the 1920s. *A Moon for the Misbegotten*, a shade less verbose and intense than *Long Day's Journey into Night* which foreshadows it, centres round the fruitless efforts of the drink-sodden Phil Hogan and his loyal daughter Josie to retrieve the family for- tunes by pairing her off with the well-to-do ne're-do-well Jimmy of the earlier play. It was given a splendid send-off at the New Theatre by a stunning company headed by Liv Ullman as the Irish - American farmer's daughter, Torlav Maurstad as the corrupted Jimmy, and Espen Skjønberg as the amiable Con- necticut tippler Phil.

O'Neill's play was the first done here some 25 years ago with the magnificent Tore Segelcke as Josie. Liv Ullman, like her predecessor, lacked the physical weight for Josie as O'Neill described her, but made up for it with her intense feeling and a studied country gait and deep manly voice that suggested a blend of stubbornness and ten- derness, on either of which cir- cumstance could call at will. Miss Ullman's *Jolie laide* grew miraculously beautiful before our very eyes as the terrors of the overnight carousal with the impotent Jimmy made way for the assertion of her maternal in- stincts and she hugged the piti- able man to her bosom as some fond mother might a wayward child. Thanks to the sympa- thetic understanding of both the players and the director, O'Neill's three-hour-long Freu- dian tract almost managed to seem not quite that long.

The new Norwegian version of *The Insect Play* by the Brothers Capek at the "Nor- wegian Theatre" seemed un- cannily topical after half a century. Time and again I was reminded of the prophetic ironies of the Prague National Theatre's musical version, star- ring Ladislav Pesek, which came to Sir Peter Daubeny's World Theatre Season a decade ago. This time the leading role of the Tramp who takes a critical look at the foolish foibles of self- deceiving and self-destructive humankind from the vantage- point of an objective Brechtian observer was played by Lasse Kolstad, who is much more of a clown and brings to the play the cynical wit of our own music-hall comedians with their trick of addressing the audience directly both to win its confidence and to chastise it morally. A skilful team of three guests from Brno was responsible for the some- what unflaggingly raucous pro- duction.

Of the two novelties at the National Theatre, Coward's *Blithe Spirit*, starring the inimit- able Per Aabel has been pack- ing the theatre for several weeks, and small wonder. Mr. Aabel plays the ridiculous spiritualist Madame Arcati not as he might Charley's Aunt in drag. He or his director decided to let the good lady undergo a sex-change. So accurate is Mr. Aabel's comic timing, so absurd his [illegible] and his eccentricities of [illegible] and behaviour, that the gales of laughter were perfectly explic- able, and even Coward himself, had he been turning in his grave at the sight of the good Professor Arcati's antics, would have been performing this contortion, I am sure, only to relieve the ache that comes from excessive laughter.

The second novelty at the National had at least some his- torical value. Ibsen's [illegible] juvenile verse-drama *Catiline* had little or none of the dramatic aptitude of its models. Written at the age of 20, it was bound to be turned down by this the[illegible] 125 years ago, and has rather strangely waited all this time to find its way to its stage, though it has twice been staged else- where in Norway in recent years. It deals with the Catiline con- spiracy as seen through the eyes of Sallust and Cicero, but tries to justify the tragic protagonists in a way that brings the drama closer to 19th century than to ancient Roman politics. Its main interest, however, lies in the fact that, though lacking any real stage-sense and ultimately unperformable [illegible] unless "hotted up" by an imaginative director, as has happened now in the case of Per Bronken, it contains many of the seeds of Ibsen's later masterpieces.

Bronken's is a brave attempt to bring an inert dramatic poem by an unschooled beginner to life. With the help of the Czech-born designer Lubos Hruza, whom patrons of the World Theatre Season in London will remember with delight, and the costume- designer Per Lakang, he has re- created something of the lubricious atmosphere that Pro- [illegible] Theatre invented for their *Pericles*. The [illegible] the trans- vestism and the cruelties in [illegible] [illegible] contribute to Catiline's final undoing. As Ibsen wrote in his preface, the play dealing as it does with unfamiliar minor characters, does not and cannot pretend to be historically accurate; so that it matters little if Knut Husebø's Catiline, or Tona Scharrett's Aurelia and Frydis Armand's Furia each battling for Catiline's soul from opposite sides of the grave bear any true or recognisable resem- blance to persons dead or alive.

stival Hall

# Boston Symphony Orchestra by DOMINIC GILL

fter their chamber-orchestral s d'oeuvre at St. John's, th Square, on Sunday even- the full Boston Symphony hestra came together at the ival Hall on Monday under r music director Seiji Ozawa ive a programme of Brahms Ives.

orchestra on international is rarely heard at its best. ravel, and the bewildering ty of different halls, dif- it acoustics, inevitably take toll of the special musical es that come from relaxed stic music-making in a liar place. To read, and to rstand the physical impli- ns of the last leg of the nians' present schedule—in honoured American style: burg on Friday, London on ay and Monday, Bonn, ver and Paris on Tuesday, esday and Thursday—is to marvel at the very y of any players in such nstances to produce any of performance at all.

perform the Bostonians and if not unfailingly at sharpest and best, as we it from other days, and records, often magnificently. Hardly necessary to report hey have all the attributes irst-class orchestra: creamy, oned horns, dashing trum- und trombones, agile wood- strings exceptionally warm, uned and responsive in all tments. But for these is alone, their performance of Ives's fourth symphony was a special delight: big and grand, but never less than crystal clear, in the all-bands climax of the scherzo—a marvellous crystalline confusion, purest Ives; gentle, but strong and richly coloured, in the slow-movement fugue—a string sound of impressive depth, blend of sonority, unanimity of phrase and attack. In the finale especially, the balance of degrees of intensity between various in- strumental groups — ever the despair of conductors of lesser bands—was beautifully managed.

Their account of Brahms's first symphony after the interval, as admirably fine in detail, and just as cleanly articulated, sounded all the same more like a tour performance. The playing was never without energy—but it lacked a kind of urgency: the impulse was more bland, the shading of delicate colour and counterpoint less sensitive. Ozawa's very luscious shaping of the andante I found even a little vulgar—though not, at its best, without a certain persuasive sweetness. A curious Intermezzo: capable to a degree, but oddly uninflected, featureless. The orchestra came together with greater force in the finale, even where one missed an absolutely convincing, inexorable impetus behind that force to mould it, give it form. There were details nonetheless to remember: splendid 32nd-note garlands from the strings; an exquisite, silvery solo flute; a fierce blaze of coda.

Round House/Radio 3

# Schoenberg, Nono, Maw by MAX LOPPERT

The last of the present Mon- day series of BBC Symphony Orchestra Round House concerts finished in high style, with a per- formance of Schoenberg's Suite Op. 29 (for three clarinets, violin, cello and piano) of such persua- sive freshness that the music was heard new. The introducer, Hugh Wood, focused in his talk on what was enjoyably atmospheric, even twenty-ish, about the piece, and that may have inspired the players to play the dance-named movements as though their rhythms were indeed dance- inspired, with humour and cap- tivating lightness. There was a conductor, Michael Gielen, to lead the six players—though strictly unnecessary, this must have encouraged the feeling of freedom and security which so characterised the playing. One moment of ill-balance in the third movement's second varia- tion, losing the bass clarinet under the piano texture, only inspired increased gratitude for the clarity and fine definition of the rest. John Constable was the excellently imaginative pianist.

Earlier, the programme had revived Luigi Nono's *Cori di Didone* of 1958, for four-part choir, (each part further sub- divided) and percussion. It is a setting of five beautiful Ungaretti poems, in which Dido's death is internalised, pat- terned in terms of emotional reaction and observation. The musical line is, in response, frag- mented, with words passed syllabically from voice to voice; yet, because of Nono's dramatic sense of contrasted pitches, the line is surprisingly clear, ex- pressive of faltering emotions rather than faltering in effect. A sombre, disturbing piece, touched with sudden concords, sudden touches of harmony, sudden quickly-dying percussion climaxes.

Under Mr. Gielen, the BBC Singers commanded its far-flung leaps ringingly, if not always with hair-breadth accuracy. A pity no repeat was possible— the strangely powerful impres- sion the music left wanted con- solidation. The new music of the evening was new to London: selections from Nicholas Maw's series of string-orchestra sketches called *Life Studies*, heard in various forms and orders and the 1973 and 1974 Cheltenham Festivals. There the orchestra had been the Academy of St. Martin's, much richer of tone in Maw's lush, copiously layered and carefully built string textures, much more generously seductive of phrase, than were the BBC Symphony Orchestra string-players when led in strict tempo, unbending fashion by Mr. Gielen. The result was that the deftness, the neatness of Maw's quick, vivid string "impressions" was lost, with apparently little actual substance discoverable under- neath.

abeth Hall

# Gotkovsky/Glock by RONALD CRICHTON

e concert promoters, igly afflicted with a form ith Bank snobbery, would ntly rather see a small nce meagrely filling the eth Hall for chamber than the same number of decently populating, say, igmore, where the music sound better and every- urely, would be happier. can't be many duo teams teed to fill the QEH. who don't fill it deserve to ird under more favourable ions than black, empty nd unsatisfactory acoustics. day's good sonata recital ll Gotkovsky and William was poorly attended, and result the hall was doing niliar but still pernicious to fuzz the piano tone— since even now that he ng shed his BBC respon- es we don't have many s of hearing Sir William planist. He was on this n a modest partner to a st whose beautifully com- plangent tone, produced an instrument of rare nce, has little need of tact on the part of the — at times, during the E flat Sonata (K 380) beginning of the pro- e, one felt like exclaiming: nice to hear a good oboist a wobble."

trouble with keeping the down in this hall is that ddle range goes cloudy and rest touch of pedal blurs ich. It was strange to travinsky's Duo Concert- hich, in its first youth ed as the pinnacle of neo- al-dryness, sounding posi- Keatsian with Miss sky playing *con amore* (in- if his inhibitions about combining violin and piano tone, Stravinsky wrote splendidly for both instruments) and Glock delicately washing in the piano part that once seemed cold as ice. The two Eglogues and the poker-faced Gigue gave pleasure, albeit of an unusually dulcet kind. The outside movements (less memorable anyway) were slightly negative in effect.

Schubert's Duo in A (D 574) is overstretched in a large hall without more piano tone to sup- port the gentle, affectionate strains of the last three move- ments—the opening one is a dif- ferent matter, and here the players were more closely matched. They ended as they began with a Mozart Sonata. K 377 in F dates from the same year (1781) as K 380, heard earlier. Each sonata is graced with an outstanding slow move- ment. K 377 has a set of varia- tions in D minor, with a *Siciliana* which is cousin to the one in the String Quartet in that key. The sad, G minor *Andante con moto* of K 380 is curiously like Des- demona's song in Rossini's *Otello*. By the time they reached K 377, the piano was more forth- coming, if not fully asserting its rights.

## Film repertory at the Curzon

The film repertory season an- nounced by the distributors Seven Keys in January is to take place at the Curzon Cinema. The films are *Butley*, *A Delicate Balance*, *The Maids*, *The Home- coming*, *Luther*, *Galileo* and *In Celebration*. They will be presented for one night each, opening on March 11, and then separately for two weeks each.

Radio 3

# Rudolf Firkusny

Tuesday's lunchtime recital, broadcast live from St. John's, Smith Square, brought back to London Rudolf Firkusny, the distinguished pianist who is the leading exponent of Janacek's piano music. Only one piece in the programme took advantage of his unique authority and distinction: the Sonata subtitled *1 October 1905*, the two-move- ment lament for a murdered Czech working man that is also a musical meditation of haunting passion and power, the more affecting for its concise angu- larity. Though few Janacek piano performances have been given in the concert hall this past year, those few have been sufficient to highlight Mr. Fir- kusny's awesome mastery of the style by comparison with other, less searching performers. The jagged phrases were cut with burning rhythmic attack; more important, there was a wide range of tonal colour, and a willingness to dwell on and draw out the strange (but once appre- ciated, never quirky) beauty of the piano sonorities.

Heard over the air, the Smith Square piano made an unimpres- sive sound, apt to clatter, to give the impression that the top two octaves belonged to a dif- ferent, lighter instrument. This was particularly detrimental to the Waldenstein Sonata, one of the two Beethoven pieces that made up the bill (the other was the Op. 126 Bagatelles), in which the little "piccolo" tail-phrase, on which the first movement builds, sounded more than somewhat like the emission of a factory whistle. All the more reason, then, to praise a per- formance that despite this flaw gripped one with its immediate, though never wilful, individu ality. From the first bars, semi- staccato in touch, with none of the ill-defined blur that lesser hands make of Beethoven's figu- rations, the ability to draw the musical drama out of textures and their transformations was riveting.

MAX LOPPERT

## Bach Choir Centenary

This year marks the centenary of the Bach Choir of which the Prince of Wales has consented to accept the office of President. The Centenary Season will include the actual centenary concert, a Royal Albert Hall performance on April 26 of the *B minor Mass* on the exact anni- versary of its first performance in England; and performances of some of the other great works with which the Choir has been especially associated—Bach's *St. Matthew Passion* and *St. John Passion* and Benjamin Britten's *War Requiem*.

There will also be the usual Family Carols concerts on the two Sunday afternoons before Christmas and two out-of-London summer concerts in St. George's Chapel, Windsor (June 5), and King's College Chapel, Cam- bridge (July 3), where three each of Bach's six Motets will be sung. Some of the same works will be sung in Chichester Cathedral on July 17.

The Centenary Season will close with a concert in West- minster Cathedral, in aid of the Cathedral's Appeal Fund, in appreciation of the fact that the Choir has rehearsed in West- minster Cathedral Hall every season since 1913. Among the works to be performed will be Vaughan Williams' *Mass in G Minor*, which was written for the Cathedral.


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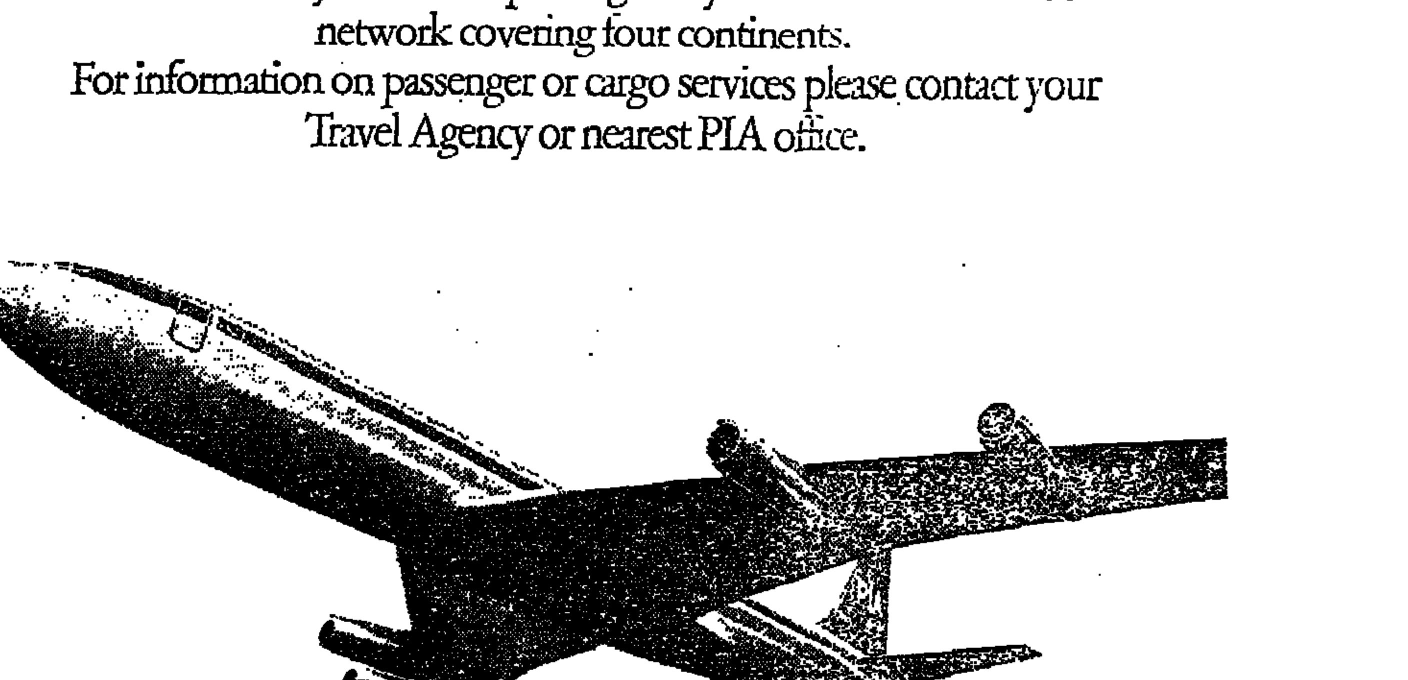

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## WORLD TRADE NEWS

# Grain, lorry imports push Soviet Union into deficit

BY OUR OWN CORRESPONDENT MOSCOW, March 9.

RECENTLY released official figures reveal that the Soviet Union ran up a 1.8bn. rouble (£1.16bn.) trade deficit in the first half of 1975 after showing an overall 2bn. rouble surplus in 1974.

The figures show the entire deficit was made in exchanges with non-members of Comecon, meaning the Third World as well as the industrialised West.

Foreign Trade, the official publication of the Foreign Trade Ministry, carried the data in its January number. An accompanying article stressed the overall growth of Soviet trade, but gave no details or breakdown that would explain the deficit.

But it is accepted here that the deepening negative trade balance is largely the result of poor Soviet export performance early last year in the face of the economic crisis in the West.

Another factor cited by Western economists is that the Soviet Union began taking delivery in early 1975 of large quantities of machinery ordered from the West during the previous two years. For instance, considerable amounts of the estimated $1bn. worth of Western-manufactured equipment bought for the Kama River lorry factory was delivered in the first months of last year and thus was added to the import ledger.

According to Foreign Trade magazine, total Soviet exports for the first six months of 1975 equalled 11.7bn. Roubles, while imports were 13.5bn. Roubles—a deficit of 1.8bn. Roubles. At the same time trade turnover with Comecon countries was evenly balanced at 6.7bn. Roubles in either direction. Thus the deduction that the deficit lay entirely within the non-Comecon sphere.

Traditionally Moscow offsets its deficit with the West through large surplus with the Third World, but apparently even heavy sales of raw materials to developing nations in 1975 could not offset its imbalance with the capitalist countries.

By comparison, figures given by foreign trade magazine for 1974 showed exports to all countries were 20.8bn. Roubles and imports 18.8bn. Roubles, a net surplus. Of that surplus, 1.5bn. Roubles was in trade with non-Comecon countries and 500m. with members of the Soviet trading bloc.

Most Western economic experts here expect that figures for the last six months of 1975 will show an even more massive deficit, thanks to grain purchases that the Soviet Union has been forced to make because of its disastrous harvest last year and because of delays in recovery of this country's export markets.

# Manila seeks $256m. loan

By Our Own Correspondent
MANILA, March 9.

NEGOTIATIONS between the Philippine Government and Citicorp International Limited of London that could result in a substantial long-term loan for the first Philippine nuclear power plant, have reached an advanced stage.

The central bank disclosed that the loan, which will amount to $256m. and is being arranged by Citicorp International Limited with Manufacturers Hanover Trust of London and American Express International of New York will represent the commercial portion of the foreign exchange costs required for the country's $1.2bn. nuclear power plant.

The Philippine nuclear power plant, through the national power corporation, was recently granted a $277m. financing package by the U.S. Export-Import bank, the largest single credit approved by the bank.

● The Philippine Central Bank said to-day that the government is finalising a $450m. credit line with four consortia of Japanese, American and European banks to tide over the balance of payments squeeze anticipated this year until 1977.

# Peak motor sales in Canada

Sales of new motor vehicles in Canada last year rose to a record 1.3m. units, up 3.2 per cent. from the previous year, according to Statistics Canada, reports Ken Romain from Toronto. The total was made up of 989,189 (942,797) passenger cars and 324,489 (306,507) commercial vehicles. The industry is projecting 1m. car sales this year.

Sales of cars manufactured overseas rose 3.2 per cent. to 153,494 while sales of North American built cars rose 4.9 per cent. to 835,695 units.

## Mexicans buy fewer cars

Car sales in Mexico fell by 1.3 per cent. last year, but total vehicle sales rose by 4 per cent. because of a strong market for lorries and buses, reports Alan Riding from Mexico City.

Car sales were partly affected by the economic recession and the accompanying tight credit situation, but the impact of increased retail prices—an average 20 per cent. up last year—was clearly significant.

## Tehran fair

Britain's contribution to the Tehran International Modern Technology Fair next month will be one of the largest, with 24 British companies—sponsored by the British Overseas Trade Board—exhibiting. British products displayed will include a portable tool for cutting, chamfering and threading pipework up to 30.8mm in diameter on site.

## Suez traffic

Lloyd's List, shipping newspaper, has quoted Suez Canal Authority Chairman Mashhour Ahmed Mashhour as saying that traffic through the waterway on Saturday totalled 58 ships, not far below the pre-1967 Mideast War level of 68 a day.

# World Bank may save Pakistan's investments

BY IQBAL MIRZA KARACHI, March 9.

PAKISTAN'S MAIN financial institutions, Pakistan Industrial Credit and Investment Corporation (PICIC) and the Industrial Development Bank of Pakistan (IDBP), which provide foreign exchange to finance projects in the private sector are bankrupt. PICIC has on its sanctioned list about 50 industrial projects involving foreign currency loans equivalent to Rs.500m. which are held up for want of necessary funds. Similarly the IDBP needs about Rs.150m. (£7.61m.) in foreign exchange to finance sanctioned projects in the private sector.

Two appraisal missions, one from the World Bank and the other from the Asian Development Bank are now with PICIC studying its industrial financing and long term credit requirements.

The lack of adequate investment flow in the private industrial sector seems to have caused widespread repercussions in the economy as a whole.

The growth rate of GNP during 1974-75 touched a new low of 2.6 per cent., compared with 4.6 per cent. in 1973-74 and 7.6 per cent. in 1972-73. The increase in population of 3 per cent. outstripped the GNP growth and resulted in a decline in per capita income.

The situation has been aggravated by the stagnation in Pakistan's exports which have remained stuck at around the $1bn. mark for the last two years. The country is heading towards a similar performance in the current fiscal year, official projections of Pakistan's exports in 1975-76 are around $1.2bn., but analysis of the first six months shows that the year might end up with a total of $1bn. Against this Pakistan's imports are increasing from $2.3bn. in 1974-75 to around $2.5bn. to $2.6bn. this year.

# U.K. exports to Denmark fall

By Hilary Barnes

COPENHAGEN, March 9

DANISH IMPORTS from the U.K. fell by 7.5 per cent. in 1975, according to Danish trade statistics, totalling Kr.6.1bn. The U.K. share of Danish imports fell from 10.9 per cent. to 10.2 per cent. Germany, Sweden and Norway, Britain's chief competitors in Denmark, all managed to make small increases in their exports to Denmark, whose total import bill was down by 1.6 per cent. to Kr.59.49bn.

There were few major shifts in the pattern of imports from the U.K., but imports of transport equipment rose from Kr.395m. to Kr.1.4bn. This included an increase in imports of cars from 11,627 to 18,449.

Denmark's exports to the U.K. increased by 17.3 per cent. to Kr.9.4bn.

JAPANESE AID

# A smaller cheque

BY DICK WILSON, RECENTLY IN TOKYO

DESPITE the signs of recovery in the economy, Japan's overseas aid programme, which in 1973-74 hit an all-time record of $5.7bn., is still in trouble. The Japanese aid cheque, an increasingly important factor in Third World development, dropped by half in 1974-75 and is believed to be little better in the current fiscal year ending this month. With another deficit budget in prospect for the coming year, and business still in recession, there is little chance of a substantial increase for 1976-77.

The gloomy budget outlook coincides with the remarkable diplomatic failure of Mr. Takeo Miki, the well-intentioned Prime Minister, in South East Asian economic diplomacy. Mr. Miki has always wanted to have a Japanese equivalent in South East Asia of Britain's post-war Colombo Plan or the U.S. Marshall Plan. Soon after his election to the Premiership he sent Dr. Saburo Okita—architect of an earlier Government's income-doubling plan and influential economic adviser to subsequent administrations—on a post-Vietnam war tour of South East Asia to assess the climate.

Dr. Okita found that even the five governments joined together in the Association of South East Asian Nations (ASEAN, comprising Indonesia, Malaysia, Philippines, Singapore and Thailand) were not yet ready for economic collaboration, and that what countries in that area seemed to want was the same old bilateral aid handouts as before.

Mr. Miki, fired by the informality of the Rambouillet summit, nevertheless saw in the forthcoming ASEAN heads of government conference (the first ever held) in Bali an ideal opportunity to launch his pet project, and he sent a Vice-Foreign Minister to secure him an invitation. The ASEAN governments have not yet overcome their internal dissensions about insurgency, territorial disputes, policy toward China and Vietnam and economic collaboration, and were not therefore ready for a collective meeting with Mr. Miki.

As a result Tokyo's plans for an Asian commodity earnings guarantee system similar to an EEC scheme for Africa have gone by the board—perhaps just as well in view of the Finance Ministry's stubborn refusal in a deficit budget year to agree to a greater aid handout. It is in any case recognised that the Asians, unlike the Africans, would prefer more individual commodity price stabilisation pacts similar to the International Tin Agreement to receiving export shortfall compensation, which inevitably arrives too late to remedy the foreign exchange crisis when it occurs.

Japan—unlike the U.S. or EEC—took the trouble to send an official observer to Manila last month to feel the pulse of the ministerial meeting of the Group of 77 developing countries formulating their final demand for more commodity agreements in the UNCTAD. But the auguries for Japanese participation in new commodity pacts are far from good. Even the Japanese contribution to the new buffer stock for the Fifth International Tin Agreement is held up because of a squabble between the Ministry of International Trade and Industry (MITI) and the private tin importers about who should bear the risk. MITI has, however, guaranteed a $100m. fund to help private importers to stockpile lead, copper, zinc, and aluminium. The economic ministries, unlike the Foreign Ministry, are unanimously against international agreements tending to raise world commodity prices, and Japanese policy on this question at the Fourth UNCTAD conference in Nairobi in May will be inevitably negative.

Dr. Okita, trying to drum up some domestic sympathy for overseas aid, has meanwhile come up with a $60bn. plan to double rice production in South and South East Asia through irrigation in the next 15 years. It is a clever move, since the Japanese are more interested in Asia than other parts of the Third World, prefer grass-roots projects to white elephants, and have more faith in schemes aiming to repeat their own success as rice farmers (their productivity as growers of rice is roughly three times that of India or Indonesia).

The other major target of the Third World this year is to get more aid on better terms including provision for debt relief. Japan cannot offer more this year. Government aid will reach about $1.2bn. and private investment another $2bn. or so. The Foreign Ministry cannot even offer at Nairobi better things to come, since its fall-back plan for a tripling of official aid to $3bn. by 1980 has not yet cleared the Finance Ministry.

**The trend of official aid in future is likely to be away from Asian beneficiaries.**

This plan, which includes the introduction of five-year planning on a rolling basis as is done by Britain and West Germany, would bring official aid to 0.35 per cent. of Japan's GNP — only half of what the Group of 77 is demanding.

Tokyo is not sympathetic to a general approach to debt relief, which would make it more difficult to extend new government loans. Although Japan has participated in individual cases — for example India or Indonesia — it does not relish the institutionalisation of rescheduling unless all major Bank, incidentally, does not allow rescheduling unless all major donors participate.

On one matter Japan is unrepentant, namely its preference for giving loans rather than grants. It has found receiving governments more responsible in their disposition of the money if it has to be repaid.

The trend of official aid in future is likely to be away from Asian beneficiaries, who at present get about three-quarters of it, in favour of Latin America and the Middle East (including Egypt). Disbursements to Iran and Iraq are expected to increase substantially next year under earlier commitments. But Foreign Ministry officials are quick to add that private investment should take up any slack, and that the overall flow of development funds to Asia should not therefore fall.

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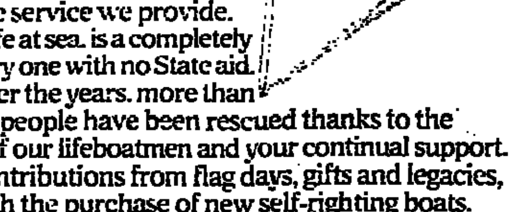

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## AMERICAN NEWS

# Fed lets interest rates slip to help sterling

BY GUY DE JONQUIERES NEW YORK, March 9.

MONEY Market analysts in New York believe that the Federal Reserve Board may have decided to back away temporarily from a modest tightening of monetary policy because of the sharp decline in the value of sterling.

Official concern about exacerbating the run on sterling is being cited by experienced observers of the Fed as the most plausible explanation of its puzzling failure to follow through on its sudden decision ten days ago to push short-term interest rates to a slightly higher level.

The most significant indicator of the Fed's apparent hesitation is the behaviour of the rate on Federal funds, uncommitted reserves traded on the inter-bank market. After intervening at the end of last month to push this rate up to 5 per cent., the Fed has allowed it to slip back close to its previous level of about 4¾ per cent. Last Friday, the Fed surprised observers by supplying additional reserves to the banking system, when it had been widely expected to do the opposite. In addition, its intervention tactics yesterday suggested that it was aiming at a Fed funds target rate of about 4¾ per cent.

While this change of tack has confused Wall Street experts, it has been well received by the markets, which had reacted nervously to the prospect of tighter credit. It was partly responsible for the firmer tone prevailing on the bond market yesterday and for the strong rally on the equity market over the past two days. At yesterday's auction of Treasury bills, the yield on 90-day bills dropped to 5.06 per cent. from the 5.26 per cent. a week previously, and the rate on the companion 180-day bills fell to 7.42 per cent. from 7.54 per cent.

An alternative explanation of the Fed.'s current tactics now being canvassed on Wall Street is that the central bank misjudged the sharp drop in money supply last week resulting from the successful sale of $6bn. in Treasury securities on February 18.

It seems improbable that this was the case, however, since it implies a massive oversight by the Fed's market managers. Moreover, money supply had been growing so rapidly in the preceding weeks that even last week's decline made only a small dent in the longer-term rate of increase.

During February, M-1 grew at an annual rate of about 6.5 per cent., close to the upper end of the Fed's 4.5 to 7.5 per cent. target range. M-2, which is a broader measure of the monetary aggregates, grew at an annual rate of 13.5 per cent., well above the Fed's target ceiling of 10.5 per cent.

The view of most experts on Wall Street is that, once the foreign exchange markets have settled down, the Fed will resume a slightly tighter credit policy for several weeks. It is thought that this could lead to a rise in prime rate to about 7¼ per cent. from 6¾ per cent. at present. It is thought, however, that with the inflation rate coming down quite sharply, the Fed is aiming more at fine tuning than at any major reversal of policy, and that it will avoid tightening the monetary reins so closely that the economic recovery could be affected.

# Chilean loan 'misuse' condemned

By Hugh O'Shaughnessy

THE GOVERNMENT yesterday launched two new attacks on the Chilean military junta of General Augusto Pinochet.

Speaking at Wye College in Kent, Mr. John Grant, the junior minister at the Overseas Development Ministry, condemned General Pinochet's use of the World Bank decision to grant a loan to Chile to suggest that there was international support for the junta's policies.

Though he stopped short of hitting at the World Bank itself, Mr. Grant said that the political capital made out of the decision to grant a loan was "an appalling and blatant misuse" of the World Bank action. It was a move to give the Chilean regime "a phoney cloak of international respectability," he said.

Last month the World Bank approved a $33m. loan to Chile against the expressed opposition of many European countries. Britain abstained in the voting after having expressed disapproval of the loan.

Mr. Grant, a moderate member of the Labour Party, is known to feel that the decision to give aid to a government should be increasingly tied to an undertaking by the recipient government to respect human rights.

Meanwhile the Foreign and Commonwealth Office commented that Britain was not in favour of an open handed policy by the Inter-American Development Bank towards the junta. Britain, the major Western countries, Israel and Japan are all about to become members of the Bank and are waiting for the formalities of admission to be completed.

Under the presidency of the former Mexican Finance Minister, Sr. Antonio Ortiz Mena, the IDB has been channelling funds to Chile. The junta has formally complimented the Bank on the swiftness with which it has processed loan applications.

# U.S. envoy to Japan may testify

BY JUREK MARTIN WASHINGTON, March 9.

MR. JAMES HODGSON, the current U.S. Ambassador to Japan, will probably testify before the Senate Multinationals Sub-Committee on Lockheed's overseas bribery. The session could well take place as early as to-morrow.

Mr. Hodgson was a career Lockheed employee before joining President Nixon's administration in 1969, first as deputy and then as Secretary of Labour. He left government service at the end of the first Nixon term and rejoined the aerospace company as vice-president for corporate affairs until he was appointed some 18 months ago as Ambassador in Tokyo.

It is unclear whether the committee wishes to focus its questioning of Mr. Hodgson on the outcry in Japan over Lockheed's behaviour there, on which he is eminently qualified to report, or on his past role as a Lockheed employee, or whether indeed it will press him on any contacts he has maintained with Lockheed's agents in Japan.

In his long career with Lockheed, Mr. Hodgson was never involved with foreign military sales, a company spokesman in California said to-day. His area of expertise had always been industrial relations.

In fact, it was former President Nixon, in the course of his trip to China last month, who drew public attention to Mr. Hodgson's Lockheed connections in some off-the-cuff remarks to a Press photographer.

Mr. Hodgson is currently back in the U.S. on a speaking tour which, the State Department said this morning, was arranged long before the Lockheed storm broke.

Meanwhile, Lockheed also announced to-day that because of its running dispute with the Securities and Exchange Commission it was being obliged to ask for an extension of a May 15 deadline for the latest phase of its re-financing plan.

THE LOCKHEED PAYMENTS

This essentially involves the conversion of a large portion of the company's outstanding debt held by major banks into a new issue of Preferred stock. This requires the presentation of a proxy statement to a full shareholders' meeting, but the SEC has been insisting that the statement include details of whom Lockheed has paid off overseas. The company has resisted this and, in consequence, the shareholders' meeting has been postponed at least three times already.

Both Lockheed and the SEC have hinted recently that they are not far off a consent agreement, which should enable the re-financing to proceed. It is believed that Lockheed is prepared to agree to the creation of an independent committee of outsiders which would fully investigate and report on the state of the company.

Lockheed said to-day that legal requirements, relating primarily to the terms of the consent decree and to the preparation of the proxy statement, had caused the delay, but it admitted that negotiations with its banks, headed by Bank of America and Bankers Trust, could result in modification of the re-financing plan.

# Boycott of Diet continues

TOKYO, March 9.

OPPOSITION parties to-day continued their boycott of the Japanese Diet (Parliament), including consideration of urgent anti-recession measures in the budget, until the Government agreed to full disclosure of all information in the Lockheed payoff affair.

The parties said that American conditions about the release of information was a virtual rejection of resolutions passed by both houses of the Diet last month. These called for public disclosure of information on the multi-million payoffs by Lockheed to further the sale of its planes here.

Last Friday, the U.S. deputy Under-Secretary of State, Mr. Robert Ingersoll, said that America would turn over such information only if all names were kept secret until legal proceedings were actually started.

Meanwhile, a former Cabinet Minister said that the selection of the Lockheed F104 jet fighter over Grumman aircraft to arm Japan's self-defence force in 1959 was made to help former Prime Minister Nobusuke Kishi remain in power.

Mr. Shigejiro Inoh, chief of the Self-Defence Agency and a member of the Kishi Cabinet, said in an interview published to-day that he was confronted with "political pressures through various channels" before the Government finally cancelled its earlier decision to buy the Grumman jet planes. He said that Mr. Kishi needed the support of the late Mr. Ichiro Kono, one of the powerful factional leaders who favoured the Lockheed jet fighters, to stay in power.
Agencies

# Aramco talks on takeover to 'end soon'

PANAMA CITY, Florida, March 9.

SECRET discussions here between Saudi Arabia and U.S. oil executives on the takeover of the Arabian American Oil Company (Aramco) are expected to end soon, the company has announced.

It said in a brief statement issued in New York last night that the talks were a continuation of earlier discussions between Aramco's management, the shareholders—the Exxon, Mobil, Standard Oil of California and Texaco oil companies—and the Saudi Arabian Government, represented by its oil minister, Sheikh Ahmed Zaki Yamani. The takeover, announced earlier by Saudi Arabia, was among the subjects being discussed, Aramco said.
Reuter

U.S. PUBLIC TELEVISION

# Buying British

BY NANCY DUNNE IN WASHINGTON

THE MAJOR event on American television these days is not an expensive variety spectacular or the two-part showing of a hitherto unobtainable film or a controversial public affairs special with pornographic scenes. The much heralded happening is the start of the third season return of Upstairs Downstairs, and it takes place on the public broadcasting, non-commercial channels, which have come to rely increasingly on British shows in their drama programming.

Beginning with the extraordinary success of The Forsyte Saga in 1969, English TV imports have been so popular here that critics have taken to talking of the "brilliant bundles from Britain," and have been challenging American TV moguls to produce shows of similar quality.

American producers say they can meet the challenge—with enough planning, time and money. CBS tried it last autumn but failed with its highly promoted Beacon Hill—a poor imitation of Upstairs Downstairs, transplanted to Boston in the 1920s. The show flopped miserably with both critics and viewers and was taken off the air within three months. It was an expensive failure with some episodes costing up to $700,000—the same price as production of the entire Forsyte Saga—and amply illustrates a major reason for British successes: Americans simply cannot produce quality programmes anywhere nearly as cheaply as they can buy them abroad.

Partly spurred by bicentennial fervour and partly in response to the prodding of the critics, WNET, a New York public broadcasting station, has embarked on another challenge to British pre-eminence in TV drama, a 13-part series, The Adams chronicles, dramatising American history through the lives of the John Adams family. The effort was a financial disaster for WNET which ran $1.5m. over its budget (a good chunk of the station's total $26m. budget), caused the cancellation of two programmes, cut-backs of another, and forced the station's entire film department to close.

The Forsyte Saga arrived in the U.S. at a time when the Public Broadcasting stations had begun a considerable metamorphosis that turned "educational television" into an alternative entertainment and public affairs network. What had been a lot of individual local stations doing classroom instruction and providing home study courses evolved into a network when Congress created a private, non-profit Corporation for Public Broadcasting (CPB) in 1967 to allocate government and private funds and to facilitate the growth of public broadcasting.

**Thus far, American-British production has meant a combination of British talent and American money.**

At this juncture, stations branched out to include in their programmes cultural events — concerts, dance and theatre — in depth reporting and analysis, documentaries, and widely-praised children's shows like Sesame Street and The Electric Company.

Even now, more than one-third of public broadcasting programmes are strictly "educational" — for classroom use. And many programmes considered entertainment, like classic theatre and Upstairs Downstairs are accompanied by dialogues setting the shows in a historic or literary framework.

The 252 stations now participating in the system are licensed either to educational institutions —such as colleges, universities, local school boards—or to non-profit community corporations. Their interconnection is supervised by the Washington-based Public Broadcasting Service (PBS), which distributes programmes throughout the system and administers the station's national buying and producing co-operatives.

While the system can in no way compete with commercial networks for large audiences—3 per cent. is considered an acceptable rating—it has a growing audience among well-heeled, educated viewers. In fact it has gained such allegiance from this dedicated segment of viewers that, despite the recession in 1975, they contributed in record numbers to local fund raising campaigns to support the stations. For instance in Chicago, subscribers' contributions provided about 63 per cent. of the annual budget of station WTTW. Drives in Los Angeles and Boston last year raised more money than the previous year and even more than the stations had hoped for. Corporations like IBM and Mobil Oil, which receive nothing more for funding programmes than a one sentence on-the-air credit, have been happy to jump in and sponsor shows just for the prestige value acquired among "opinion makers."

English programmes have done much to build up the evening audience, but PBS executives are weary of hearing the system referred to as "The BBC West." They point out that the network exports more programmes than it imports. And, they insist British programmes comprise no more than 11 per cent. of the evening schedule. Despite this figure, individual stations, which can run whatever programmes when and as often as they please, seem to be using the imports far more frequently than the official PBS schedule demonstrates. A glance at the roster of a Washington station, WETA, shows that in the prime-time hours between 7.30 and 11 p.m. British programmes usually fill one-third or one-half, and occasionally all the station's prime-time slots. The same is true of other large, urban PBS stations.

The development of public television has been hindered by the very nature of its existence as a Government-created non-commercial entity. Lawmakers sought to protect the system from Government interference with programming and content, yet also to provide funding so that it could expand. The result is a cumbersome system of financing. In fiscal 1973 the total income of little more than $200m. was provided by these diverse sources: State Boards of Education and State grants 25.4 per cent.; Federal Government grants distributed mostly through PBS 22.3 per cent., local school and local government grants 11.2 per cent.; State colleges 10 per cent.; foundations 9.1 per cent.—money given by viewers 7.7 per cent.; business and industry 3.5 per cent.; public auctions of goods donated by viewers 3.5 per cent.; other sources 7.3 per cent.

The Federal Government has been increasing its contributions each year—from $5m. in 1969 to $62.5m. in 1975. But its biggest help to the system is to come from the almost-completed legislation giving public TV its first long-term financing commitment. The legislation before Congress authorises the spending of $634m. over the next five years. But to be sure that public broadcasting does not become too dependent on Uncle Sam, the Bill provides that each federal dollar must be matched by $2.50 privately raised.

Besides being hurt by low funding and high costs, production of good American dramatic programmes has been further limited by a dedication to "localism."

While the system is expecting a great infusion of government money, half of it will be disbursed to the local stations. Whether the other half will be put into American drama and public affairs programming or be used to buy more from abroad is not known. Broadcasters predict that it will be some of both.

The trend now in public broadcasting is definitely for use of more and more imports and more international co-productions. Thus far, American-British production has meant a combination of British talent and American money. PBS executives are claiming they want to see British money spent on American shows. But until Americans can produce quality shows less expensively, public TV's use of British programmes is likely to continue.

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# Mutineers threaten Syrian peace moves in Lebanon

BEIRUT, March 9.

ARMY mutineers to-day seized the Lebanese garrison town of Rashaya, on the slopes of Mount Hermon, and Premier Rashid Karami said the mutiny showed that some people thought they could take over the country.

The action, which consolidated the hold of army deserters on Eastern Lebanon, cast a shadow over the mediation mission of Syrian Foreign Minister Abdel Halim Khaddam, who returned to Lebanon to-day.

Answering deputies' questions in parliament, Mr. Karami said the mutiny showed "that there are some who still imagine they can take over the government and the country through such tactics." The Syrian Foreign Minister, accompanied by Air Force chief Naji Jamil, went straight into conference with President Suleiman Franjieh, who is reported to fear that another mutiny yesterday could provide a pretext for Israel to invade.

Army deserters yesterday took over an artillery battery at Arnoun, only four miles from the Israeli border.

The garrison at Rashaya, which lies near a Palestinian commando supply route across the Syrian frontier, was seized without bloodshed, according to a local parliamentary deputy.

Amid the problems created by the army desertions and the political vacuum in Lebanon, there was one positive move to-day. The country's parliament met for the first time in more than four months and voted to keep itself in office for 26 months beyond the end of its four-year term at the end of April. This was to avoid the holding of elections in the present unsteady state of security in the aftermath of the Civil War.

The general uncertainty created by the new mutinies poses a threat to the ceasefire which Mr. Khaddam engineered here on January 22, and must cause Syria worries about the whole Middle East situation. The deserters, or Palestinian Commandos sympathetic to them, pose a risk that Syria could be dragged into a war with Israel at a time not of its own choosing. Reuter

# Rhodesia guerilla war area 'has doubled'

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

SALISBURY, March 9.

RHODESIA has increased its war effort against nationalist guerillas by 60 per cent. since the present escalation in the guerilla war in mid-January, according to Mr. Ted Sutton-Pryce, Deputy Minister in the Prime Minister's office here.

Mr. Sutton-Price, who was giving a Press briefing primarily on the military situation to the growing numbers of journalists now in the Rhodesian capital, said that since January the area subject to "terrorist" attacks *had roughly doubled, and that in* the last three to four weeks, there had been some sort of incident, either in the north-east or along the eastern border with Mozambique, every day.

There was a distinction between the north-eastern front, opened in 1972, and the new one opened in January along the eastern border with Mozambique, he said. In the former, he implied that guerillas had established themselves among the African population, although there was no sense in which they could be described as controlling Rhodesian territory. In the east, however, the guerillas were based in Mozambique, making hit-and-run raids across the border at "soft" targets such as isolated farmsteads.

Although he refused to disclose any military details of the stepped up Rhodesian war effort, Mr. Sutton-Pryce several times repeated that Rhodesia's military authorities had the current situation fully under control, and even were the war to escalate *further they* would have no difficulty in controlling even a third front.

Meanwhile, the Nkomo-Smith talks are due to resume again to-morrow with both sides remaining silent on the precise nature of the concessions that Mr. Smith may have offered the African National Council here. Nationalist sources continue to be optimistic, although others remain sceptical that anything like a breakthrough has been achieved.

# More than 1m. jobless in Japan

AN estimated 1.24m. people in Japan were unemployed during January, a 25.1 per cent. increase over the same period last year, the Prime Minister's office in Tokyo announced yesterday, UPI reports. January was the second consecutive month that the unemployment figures topped the 1m. mark.

## West Bank strike

For the second day running, shops and schools remained closed yesterday in the West Bank town of Nablus and several adjoining villages, writes L. Daniel from Tel Aviv. But the city elders and the education authorities have called upon the population not to demonstrate and to return to normal life.

Yesterday's strike and a short-lived demonstration were the result of an incident on Sunday when high school pupils in the town rioted and some soldiers entered the school.

## Pacific zone

Nine South Pacific countries agreed yesterday on a compromise version of a nuclear-free zone in the Pacific which will allow some nuclear weapons and nuclear-powered ships in the area, reports Reuter from New Zealand. The agreed position was seen by observers as a victory for the two most influential countries, Australia and New Zealand.

## Bangkok decision

Thailand announced it would continue to impose a State of Emergency in 28 of the country's 71 provinces for "national security reasons," reports AP-DJ from Bangkok. The present State of Emergency has been in effect since 1974 and has been extended every year.

## Libyans arrested

Egypt's Deputy Interior Minister was yesterday quoted as saying that 20 specially trained Libyans were now in Egyptian custody after being sent to Cairo two weeks ago to assassinate public figures, Reuter reports from Cairo.

## Angola-S.W. Africa

The immediate threat of war across Angola's border with South-West Africa has receded in the past three weeks, according to informed sources in Pretoria, reported by AP-DJ from Johannesburg. The sources said African troops of the Marxist Popular Movement (MPLA) and Cuban forces backing them have halted their southward approach towards the border.

## PLO in Tokyo

The Japanese Government will approve the establishment of a representative office in Tokyo of the Palestinian Liberation Organisation (PLO) without granting it the diplomatic status, reports AP-DJ from Japan.

ECONOMIC DIFFICULTIES IN ZAIRE

# Costs of copper bottoming

BY BRIDGET BLOOM, RECENTLY IN KINSHASA

KINSHASA to-day is full of rumours centering — now that President Mobutu has normalised relations with the MPLA in Angola—on the country's most serious economic crisis in nearly ten years. The city—or that part of it which follows these things—is above all speculating on the likelihood of President Mobutu accepting a hefty devaluation of the Zaire—part, it is thought of an IMF package designed to help Zaire meet an estimated foreign exchange shortfall this year of some $600m.

Zaire's problem, very similar to neighbouring Zambia's, derives from its dependence on copper, which currently provides around 80 per cent. of all foreign exchange receipts. Prices have declined, averaging only some £750 a tonne for most of the last two years, which is well below what it costs to produce the metal: and the capacity of the country's export routes was cut by at least a third last August when the Benguela Railway through Angola was closed because of the civil war there.

Foreign exchange receipts, therefore have declined drastically. The estimate for this year's receipts is around $600m. or less than half of what they were in 1973. This fall has come after several years of overspending by Zaire. Imports have been drastically cut back, but they rose to nearly $1bn in 1974. Local food production has failed to meet demand, increasing imports, *principally from South* Africa, which in the middle of last year lent Zaire 5.8m. Zaire (£5.72m.), mainly to support the growing import food bill (which covers a wide range including eggs from Natal, for example, retailing at £1.20 a dozen).

Zaire has already had some balance of payments support from foreign donors in addition to South Africa: but in the early 1970s it also borrowed heavily in medium term capital markets so *that its debt servicing* ratio is among the highest in Africa. here has also been some skewing of spending priorities—it is

> An IMF package has been designed to help Zaire meet an estimated foreign exchange shortfall this year of some $600m.

thought that some $80m.-100m. may have been committed to the purchase of 17 Mirage fighters from France (which are not included in the Zaire-French debt rescheduling announced during President Giscard d'Estaing's visit to Kinshasa last summer).

Inevitably this general problem has had its effects on development projects—the immense scheme to run power from the Inga dam near the coast to the mining area of Shaba in the east has been cut back and will not be completed before 1978. Since expansion plans of the state mining company Gecamines have also been delayed, the effects may not be as serious as they might have been. Another project, involving Japanese, American, and South African finance is the $800m. Tenke Fungurume copper *project, was put on ice earlier* this year. Only token work is being done to protect existing investment.

There is very little economic management in Zaire, and very few reliable statistics. But the current picture, as put together principally by the World Bank and the IMF, puts total foreign exchange earnings in 1976 at $540m.; about $480m. from the earnings of Gecamines and $60m. mostly from other minerals including diamonds. It is *hoped* to keep imports to $500m.-$600m. But against this must be set arrears in commercial debts of at least $450m. plus repayments *on medium and longer term debts* this year of some $200m.-$300m.

The estimated shortfall in *foreign* exchange earnings is thus some $600m. and the IMF package, worked out last month, is—it is believed—already in essence been agreed to by President Mobutu. The package is said to include direct IMF aid of some $200m. over the next nine months: this includes a basic quota drawing, plus oil and compensatory facilities of $138m. plus $62m. in second and third tranches.

There would also be rescheduling of some $200m. of medium term and commercial debt. It is reckoned that Zaire's total debts may now be approaching $3bn., of which perhaps one-third has been *raised through* the Euro-dollar market and private bank consortia. The package also specified some $200m. in new balance of payments aid from Zaire's main trading partners—the U.S. is already planning some $60m. and it is thought that Belgium and France may provide around $40m. each.

With the knowledge that the IMF is attempting to help and is apparently being supported by President Mobutu, business confidence in Zaire, *which has* been at a very low ebb for many months, is beginning to pick up —particularly since the Government now also seems prepared to allow many companies affected by nationalisation to negotiate deals which would leave them with majority shareholdings.

But from the Government's—and one suspects from the IMF's point of view—the nub of it all is that the package must include devaluation. The rate said to have been recommended by the IMF ranges from a really hefty 40 per cent. to a more modest 20 per cent. The main argument is that devaluation would increase the local currency revenue from copper, boosting Government finances, currently, also in heavy deficit.

The IMF plan is said to allow for some across-the-board increase in wages, plus immediate pre-devaluation imports of food to cushion the impact of the adjustment. But inflation is currently running at 30-40 per cent. and President Mobutu is said to be jibbing at the political implications of anything more than 10-15 per cent. devaluation. He is a very tough politician—and the last really big African devaluation recommended by the IMF was introduced by Dr. Busia's Government in Ghana, which was overthrown two weeks later.

In its turbulent 15 *year* history, Zaire has surmounted more than its fair share of crises. Today's is bad, but there are few who believe it cannot be overcome. The main problem remains what it has always been: Zaire is a country of great natural resources and a potential which is always on the verge of being realised. The fact is that agriculture (on which 80 per cent. of the population depends) is probably in a worse state than it has ever been. Some roads have been built, but transport in this vast country is appallingly bad and in no state to support real development. Resources from the good years have gone *into huge* projects which have increased dependence on copper. On top of all this is the problem of manpower and its organisation.

Zaire's inheritance, given the destructive effects of the early years of civil war, was arguably the worst in Africa. But the last ten years have failed to produce an administrative system which is either efficient in itself or offers those who work in it incentive to be efficient. Much of the blame undoubtedly attaches to President Mobutu's highly centralised rule.

While it has brought political stability, it has undermined attempts to bring about sustained economic management and planning. There are hopes that acceptance of the IMF package and all that it entails might change this aspect of Zaire to its own benefit.

# Angola oil cash move

By Guy de Jonquieres

NEW YORK, March 9.

GULF OIL has decided to release to the Angolan Government about $120m. in taxes and royal*ties on its oil concessions in* Cabinda which it placed in a special account at the end of last year.

This action is apparently intended as a token of Gulf's good faith in its efforts to negotiate a resumption of production from its wells in Cabinda, which were shut down last December under pressure from the State Department.

A spokesman for Gulf said that talks with representatives of the Angola Government were still at a "formative" stage.

# Talk of Red Guard rebellion

BY A SPECIAL CORRESPONDENT

PEKING, March 9.

A HINT that the Red Guard movement of the Cultural Revolution might be revived to combat Rightists within the Chinese Communist Party is contained in an article in to-day's People's Daily.

The article quotes members of the Peking Communist Youth League who are said to oppose the party's Rightists and "capitalist roaders." The league was banned after the Cultural Revolution, but revived three years ago though there has been no formal meeting or conference of the league since then.

The article claims that the ex-Red Guard members of the Peking League will "certainly demonstrate the revolutionary spirit of the Red Guards who during the Cultural Revolution justly rebelled against the reactionaries. During the Cultural Revolution," the League explained, "we Red Guards together with the people of the whole country and under the leadership of the Communist party of China headed by Chairman Mao smashed the bourgeois headquarters of Liu Shao Chi and Lin Piao.

"Now the unrepentent capitalist roader who firmly supports the revisionist line of Liu Shao Chi and Lin Piao has again jumped out and stirred up the rightist wing. When revisionism raises its head we criticise it and struggle against it, and under the party leadership we will rebel against it."

Ex acting Premier Teng Hsaio Ping, though not mentioned by name, is accused of standing in the way of the aspirations of youth. He and his "faction" are said to have spread political rumours, used all kinds of tricks, split the revolutionary ranks, sabotaged party unity and turned the "spear-point" against the party Central Committee headed by Chairman Mao.

*(Sydney Morning Herald)*

UPI adds: The first important military and political figure to speak out publicly against Vice Premier Teng Hsiao Ping appeared guarded in his remarks.

The official was Sung Pei Chang, a member of the Communist party's Central Committee.

# Kurds clash with Iraqis

By Gwynne Roberts

KURDISH civilians last week shot Iraqi soldiers and policemen who tried to move them from their homes for re-settlement in less senitive areas of, Iraq, according to travellers from the region. During the last two months, a series of serious incidents have been reported in Northern Iraq involving armed Kurds and Iraqi security forces. Most of the clashes have occurred around Ruwanduz, one of the main battle areas in the Kurds' year long rebellion which the Iraqi government quashed last March.

Travellers said the latest incident occurred last Wednesday.

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The in-flight crew (right) may have something.

But of course everyone has their own idea.

Bill Slattery, vice president of schedules, believes TWA's 187 departures every week from Europe, North Africa and the Middle East to a total of 35 cities in America have more bearing on the subject.

Harriet Korn, director of in-flight, puts up an interesting case for the choice of 2 films and 8 tracks of international audio on every Trans World Service flight.

Dieter Buehler, head of dining, says that the choice of 3 meals in Economy and 5 in First Class is a much more satisfying reason.

Jules Rondepierre, interior designer, suggests that TWA's wide, body-contoured seats in 747's are more to the point.

Andrée Picq, ground hostess, offers the unique reason of TWA's exclusive New York terminal.

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After all, they get to know you better than anyone.

TWA

# EEC parliamentarians fear delay on direct elections

BY REGINALD DALE, COMMON MARKET CORRESPONDENT — STRASBOURG, March 9.

THERE IS now growing anxiety among European parliamentarians here that the forthcoming EEC summit may not finalise plans for the Parliament's direct election, due to start in 1978, mainly because of political difficulties in France. The widespread fear is that President Valery Giscard d'Estaing may be hesitating over whether the moment is ripe to push ahead with the plan in view of the strong opposition inside France from the Communists and hard-line Gaullists.

Both in Brussels and in Strasbourg this would be regarded as a major setback. The direct election of the Parliament, endorsed in principle by the Rome summit at the end of last year, is widely seen as an essential next step forward in the Community's development. Up to now M. Giscard d'Estaing has been a leading advocate of direct elections, and it has been the British and Danish Governments that have been hesitant over the May, 1978, target date.

Concern over France's attitude was reflected in an address to the Assembly here to-day by M. Georges Spenale, the Parliament's President. M. Spenale, a French Socialist, was re-elected President for a second one-year term "by acclamation" here this morning.

M. Spenale argued that direct elections were essential to restore the balance between the Community's instiuttions, following the increasing political power that had been assumed by the regular summit meetings of the nine heads of Government in the European Council. Parliamentarians must make every effort, inside their parties and their own national parliaments, to ensure that the elections were held on time, he urged.

His statement also reflected concern here that the whole project could be delayed if the direct elections issue were to become subsumed in the wider debate on the Tindemans Report on European Union, which is likely to last for many months. M. Spenale emphasised that the two subjects were quite separate, in that the Tindemans Report was a new departure while direct elections were already provided for in the Trealy of Rome.

Direct elections as such would not involve any new transfers of authority to the Community's institutions nor any additional "supranationality," he emphasised. He was clearly addressing his remarks towards those in France who have argued that direct elections spell the end of French national independence.

Similar considerations appear to have played a part in the Parliament's decision to-day to postpone a debate on the Tindemans Report scheduled for Thursday, and concentrate instead exclusively on direct elections. The Christian Democrats are planning to press for a strong resolution urging the April 1 and 2 Luxembourg summit to adopt the EEC Convention in which the plans for direct elections are to be enshrined.

# Brussels warns against reflation by Britain

BY DAVID CURRY — BRUSSELS, March 9

A STERN warning to the British Government to continue to resist union pressure for reflation has come from the Brussels Commission. In the guidelines for economic policy for this year submitted to the Council of Ministers it argues that the balance of payments deficit, inflation and the size of the public sector borrowing requirement overrrule significant reflationary measures to combat still-rising unemployment.

While forecasting a continuing decline in the rate of inflation, thanks to prices and incomes controls, the Commission says that it is of "overriding" importance to get British levels of wage inflation down to those of the U.K.'s trade competitors as the only way of ensuring long-term employment.

It sees no down-turn in unemployment before the middle of the year and it attributes the small but gradually strengthening recovery in output it expects to continue throughout the year to a sharp reduction in the rate of destocking, a second half recovery in consumer demand and a "marked shift" of resources into the balance of payments.

The Commission notes that a sustained recovery during the year would make it "necessary and feasible" to start reducing the borowing requirement and urges the Government to stick to its aim of allowing no further increase in the volume of public expenditure between 1976-77 and the following three years.

It also cautions against relaxing the money supply in response to private sector demand for credit. Money supply should remain sufficiently restrained to help achieve the Government's target for the control of inflation.

# Iceland delays U.S. ship request

BY JON H. MAGNUSSON — REYKJAVIK, March 9.

THE ICELANDIC Foreign Office has yet to send a proposed formal request to the U.S. Government for one or two high-speed patrol gunboats to reinforce the nation's five-ship Coast Guard during the fishing conflict with Britain.

Mr. Olafur Johannesson, Minister of Justice, announced last Friday that Iceland would ask the U.S. to lend or lease 225-ton, 14-knot Asheville class patrol boats to Iceland to be used to harass British trawlers.

Mr. Johannesson pointed out that if the U.S. Government declined the request, then the Icelandic Government would have to ask the Soviet Government for one or two Mirka class escort ships.

The Justice Minister, who is also chief of the Coast Guard, made this announcement apparently without consulting his colleagues in the Cabinet, and while the Prime Minister, Mr. Geir Hallgrimsson was still attending the Nordic Council meeting in Copenhagen. This method of announcement has caused some speculation in political circles here as to why he chose to make it before the Foreign Office had the chance to approach the Americans.

Mr. Hallgrimsson has not commented on this request since his return from abroad, and the Government is keeping rather quiet on the subject.

In a recent letter to the Foreign Office on the subject of the gunboats, the Minister of Justice pointed to a clause in the defence agreement between Iceland and the U.S. which he claimed covers a request of this nature.

The U.S. Government has not so far reacted to the request. It will be an embarrassing political dilemma for the Americans, since both Britain and Iceland are close partners in the Atlantic Alliance. It is known that the U.S. is not ready to give up the base at Keflavik and neither is Nato willing to see what is described as its "most expensive piece of real estate" closed down.

No matter what happens, Mr. Johannesson will make sure that Iceland asks for the U.S. patrol boats or the Soviet escort ships if only to embarrass the U.S. Government—which so far has been reluctant to take sides in this sad dispute between old friends.

# Spanish officers' charges changed

By Roger Matthews — MADRID, March 9.

NINE Spanish military officers were accused to-day of trying to change the institutions of the country through army intervention.

During the second day of the court martial, being held in barracks outside Madrid, the prosecutor also read out documents which he claimed the nine had written stating that general elections should be called and that the armed forces should be put at the service of hte people.

All but one of the charged—eight captain and a major—have refused to speak in court because of the military authority's refusal to permit them civilian lawyers.

The prosecution switched charges this morning, accusing the nine of plotting military rebellion instead of planning to commit sedition. But there was no change in the penalties the prosecution is demanding: these range from three to 12 years' jail.

The leading military defence lawyer argued, however, that democracy had now become a respected word in Spain.

# Portugal call for armed forces unity

LISBON, March 9.

PORTUGAL'S Council of the Revolution to-day called for unity among the country's divided armed forces. A Council statement, issued after an all-night meeting, said there was need to achieve greater cohesion and unity in the armed forces.

The statement indicated the military leadership's concern at the recent split between conservative and Left-wingers on the Council, which has prompted fears that part of the armed forces might attempt a coup before next month's parliamentary elections.

The call for unity seemed to be mainly aimed at the Air Force chief, General Jose Morais e Silva, who, in a controversial address to his troops last month, criticised the Foreign Minister, Major Ernesto Melo Antones, and the President, Snr. Francisco da Costa Gomes.

## Rig drilling again

Production has been resumed from Platform Alpha on Norway's Ekofisk oilfield, our Oslo correspondent reports. The platform had been out of action since last November, following an explosion and fire. Total output from the field has been running at some 300,000 barrels per day. With Alpha again in operation, it can be increased to about 350,000 barrels per day.

# Don Juan visit surprises Madrid

BY ROGER MATTHEWS — MADRID, March 9.

DON JUAN DE BORBON, father of King Juan Carlos of Spain, who has never renounced his claims to the throne, startled political observers here to-day by flying in from Portugal for lunch with his son. Last summer, Don Juan was banned from Spain by the Government of General Franco for a speech he made at his home in Portugal calling for full democracy and indicating that his son was not capable of leading the country towards it.

The meeting between the King and his father is taking on a growing significance with some sources suggesting that Don Juan may have been offered the role of regent in order to unite the royal family. Don Juan, the son of Spain's last king, Alfonso XIII, has lived most of his life in exile and became a vociferous critic of General Franco. A much more political animal than his son he has maintained regular contacts with left-wing opposition groups, and has very decided ideas on the path the country should follow.

Sources said he was expected to tell the king that a far more positive lead was needed from the monarchy, and that during such difficult times it would be increasingly difficult to fulfil the role of a constitutional monarch standing entirely above politics.

The arrival of Don Juan came against a background of simmering labour unrest following the police shooting of another worker near Bilbao yesterday and calls for "days of struggle".

Semi official sources said this morning that nearly half a million workers had struck yesterday in the four Basque provinces in protest against the killing of four workers in Vitoria last week. As such, it was the biggest political strike to have hit the nation for several decades.

In the Bilbao satellite town of Basauri, where the Guardia Civil opened fire during a demonstration yesterday morning killing an 18-year-old, the strike remains solid. Over 10,000 workers held an authorised meeting this morning during which a labour leader said that the names of Basauri and Vitoria would be forever remembered in history as the places where the revolution of the Spanish working man had begun. The workers then pledged not to return to their jobs "until the police and Government had explained this atrocity."

Elsewhere in the Basque provinces there was a partial return to normality with official sources stating that 50,000 remained out in the province of Vizcaya, and about 10,000 in Guipuzcoa. At least 100 people were arrested in the many clashes between police and demonstrators yesterday and dozens more injured.

The Guardia Civil put up road-blocks on roads leading to the town of Oveido this afternoon, capital of the Asturias region, where Left-wing groups have called for a general strike to-morrow. In Madrid, construction workers and those from the engineering sector, nearly 200,000 in all, have also been called out on strike to-morrow in protest at the recent shootings.

Disputes over the economic handling of the nation are also expected to surface publicly in the next few days, with the resignation of at least one of the two Deputy Ministers of Finance.

# Italy studies U.S. loan plan

BY DOMINICK J. COYLE — ROME, March 9.

ITALY'S economic and political problems, which Washington sees as being closely related, were discussed to-day at a meeting here between Prime Minister Aldo Moro and Mr. William Simon, the U.S. Secretary of the Treasury, amid indications that the U.S. Administration is now looking to the so-called "Kissinger Plan" as a means of directing new international credits to Italy.

The Kissinger plan, a financial network through the OECD for rescuing countries with serious balance of payments problems, has yet to be ratified by the U.S. Congress. But Mr. Simon expects ratification "before the summer." Under its provisions, Italy might be able to draw up to $1.6bn.

The U.S. Secretary, who has also had talks with Sig. Emilio Colombo, the Treasury Minister, and senior officials of the Bank of Italy, is said to have ruled out as unnecessary at this time any enlargement of Italy's existing $3bn. federal reserve swap line. This is particularly so, he feels, in view of the forthcoming $1bn. loan from the EEC, and Italy's projected $530m. drawing from the International Monetary Fund.

Mr. Johannes Witteveen, the IMF's Managing irectr, who had been expected in Rome on Monday in connection with this further Italian drawing, will now arrive for talks to-morrow at the Treasury on the undertakings to the letter of intent which the Moro Government will have to sign. However, unofficial reports suggest that the minority government is far from happy with the fiscal and monetary restrictions being advocated by the fund.

Mr. Simon, too, is understood to have suggested that the measures so far announced by the new government here are inadequate to deal with the present economic and monetary crisis, considering them to be but a "preliminary thrust." Italy, he said, would have to tackel its inflationary problems just like other countries, through fiscal and budget measures. An incomes policy would also be a necessary component.

The U.S. Secretary, in an interview here, expressed qualified optimism for the long-term future of the Italian economy, while conceding that the country's economic problems were linked closely with its political problems, although he made no direct reference as such to the emergence of the Communist Party as the most potent political force in the country.

The prevailing U.S. view appears to be that Italy is now shackled with too many short-term debts, and is thus restricted from embarking on a realistic programme of economic development and industrial reconstruction of the kind which, it is felt, would reduce political and social tensions.

# OECD sees increase in Western growth rate

BY RUPERT CORNWELL — PARIS, March 9.

A SOMEWHAT more promising future for the Western economy—at least in terms of growth—is the prospect facing senior Treasury and Central Bank officials of the 24-member nations of the OECD, who began a two-day meeting here this afternoon.

The Organisation has not made a completely new set of forecasts for the discussions of its Economic Policy Committee, but the working papers prepared suggest that some of the larger European countries, and above all, the U.S., are pulling out of recession more powerfully than expected by the OECD only three months back.

In Europe, the star performer is West Germany where expansion in 1976 might reach 4 per cent. or more against the 3.25 per cent. predicted in the OECD's Economic Outlook of last December. The U.K., as well, may do slightly better than the zero growth then forecast.

However, it is the U.S. where the improvement has been most marked and the Secretariat is understood to feel that the American economy could advance as much as 6.5 per cent., a full point more than suggested in the Outlook.

However, as officials at the Organisation here are quick to point out, the upturn does not radically change the probability that the 24-nation area overall will manage expansion of around 4 per cent.—reasonable by historical standard, but in 1976 insufficient to stop unemployment ending the year higher than when it started.

France is a good illustration. The OECD is sticking by its forecast of 3 per cent. GNP growth, but in any case argues that even the 4.5 per cent. aimed at by the Paris Government will not prevent the number of workless climbing from 1m. to-day to over 1.2m. next December.

Nor does the improvement change the basic dilemma confronting those who manage the West's economies. On the one hand, they must ensure that recovery does not simply peter out; but on the other, they must avoid triggering the inflationary boom in 1977 and beyond that is already privately feared by some OECD economists.

The talks are expected to concentrate on achieving the growth in long-term investment that alone can set the upswing on a sound footing. Given though that this is perhaps tod much to expect from a private sector already suffering from over-capacity, it is the possibility of higher public sector spending that is likely to be most closely examined.

# W. German exports success

By Nicholas Colchester — BONN, March 9.

PROVISIONAL figures suggest that West German manufacturing industry's exports orders in January were after seasonal adjustment 14 per cent. up on their level in December, 7.4 per cent. above their average level in the last quarter of 1975, and 16 per cent. above the figure for the previous January.

This is the most conspicuous development in order indices published by the Economic Ministry to-day. The other figures confirm that the rise in West German domestic demand which set in during last summer has continued steadily.

The Economic Ministry treats the January figures with great caution, partly because the Foreign Order figure for December later had to be corrected sharply upwards and partly because the Govenment Statistical Office gathered the January data in a different way.

Nevertheless the figures suggest that the trend in German export orders is upward despite the rather disappointing figure for December. The orders from abroad in January and December were approximately equal to the flow of orders in the preceding two months taken together.

# Sweden to aid shipyards

By William Dullforce — STOCKHOLM, March 9.

THE SWEDISH Government will finance the building of ships for stocks, in order to give its hard beset shipyards a breathing space, while the industry cuts capacity by 30 per cent. In a Bill presented to Parliament to-day the Government proposes to raise its credit guarantees by Kr.12.9bn. (£1.5bn.). Sweden has the world's second largest shipbuilding industry after Japan.


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**Consolidated Balance Sheet of Wells Fargo & Company and its principal subsidiaries including Wells Fargo Bank, as of December 31, 1975 (in thousands).**

| ASSETS | December 31, 1975 |
|---|---|
| Cash and Due from Banks | $ 1,465,515 |
| Overseas Deposits | 484,388 |
| Investment Securities: | |
| U.S. Treasury Securities | 721,244 |
| Securities of Other U.S. Government Agencies and Corporations | 438,102 |
| Obligations of States and Political Subdivisions | 430,871 |
| Other Securities | 104,758 |
| Total Investment Securities | 1,694,975 |
| Trading Account Securities | 76,201 |
| Funds Sold | 238,850 |
| Loans | 7,620,311 |
| Less: | |
| Reserve for Loan Losses | 61,665 |
| Unearned Discount | 107,458 |
| Net Loans | 7,451,188 |
| Direct Lease Financing | 282,419 |
| Premises and Equipment | 131,746 |
| Customers' Acceptance Liability | 219,973 |
| Accrued Interest Receivable | 121,206 |
| Other Assets | 195,770 |
| Total Assets | $12,362,231 |

| LIABILITIES AND STOCKHOLDERS' EQUITY | December 31, 1975 |
|---|---|
| Demand Deposits | $ 2,906,705 |
| Savings Deposits | 2,571,437 |
| Savings Certificates | 1,384,953 |
| Certificates of Deposit | 1,721,376 |
| Other Time Deposits | 430,926 |
| Deposits in Overseas Offices | 808,914 |
| Total Deposits | $ 9,824,311 |
| Funds Borrowed | 1,032,447 |
| Commercial Paper Outstanding | 146,698 |
| Acceptances Outstanding | 220,489 |
| Accrued Taxes and Other Expenses | 153,425 |
| 4½% Capital Notes of Wells Fargo Bank, N.A., due 1989 | 50,000 |
| 3¼% Convertible Capital Notes, due 1989 | 18,408 |
| Debentures, Notes and Mortgages | 214,850 |
| Other Liabilities | 141,502 |
| Stockholders' Equity: | |
| Common Stock—$5 Par Value, authorized 30,000,000 shares, outstanding 20,026,842 shares on December 31, 1975 | 100,134 |
| Capital Surplus | 185,377 |
| Retained Earnings | 214,590 |
| Total Stockholders' Equity | 500,101 |
| Total Liabilities and Stockholders' Equity | $12,362,231 |

United States government securities, other securities and loans carried at $792,572,008 on December 31, 1975 were pledged to secure U.S. government deposits, other public funds, trust deposits and for other purposes as required by law.

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ROMANIA

# Comecon's odd-man-out

BY DAVID LASCELLES, RECENTLY IN BUCHAREST

ROMANIA proclaims its individuality the moment the visitor steps off the plane at Bucharest's Otopeni airport. There are British-built BAC 111s on the apron belonging to Tarom, the Romanian national airline which has declined to equip itself solely with Soviet Ilyushins and Antonovs. There may also be a Boeing 707 belonging to El Al, a unique sight in Eastern Europe where Romania is the only country to have kept up its links with Israel.

But the country's now well known, and exposed, international position demands certain precautions. Otopeni teems with soldiers, automatic rifles at the ready, and the public is not admitted even to the airport building without a rigorous search. Bucharest itself has armed soldiers outside sensitive buildings. One of the most heavily guarded is the Israeli Embassy, which has been threatened with terrorist attack more than once.

Romania is a member of the Warsaw Pact. But its policy-makers headed by the ubiquitous President Nicolae Ceausescu appear to be warming up their relationships outside the bloc, particularly with the developing world, while at the same time resisting pressure, both political and economic, from the Soviet Union. The result is a balanced relationship with Moscow, which shows no sign of losing its finer adjustment.

The Helsinki Document on the inviolability of frontiers and non-interference, Bucharest officials point out, applies as much to relations within the Warsaw Pact as between East and West. And Romania is currently at odds with the Soviet Union on a number of issues, though more from principle than provocation.

First, there is the conference of European Communist parties where Romania has opposed suggestions that the movement should have a common programme or be led from a "centre." This was made quite clear by Mr. Ceausescu in a speech to the General Assembly in December when he said a variety of experience within the movement would do nothing but enrich it. Moscow has kept quiet about the conference, fearing perhaps to provoke reactions from countries like Romania deepening the split. But the lack of progress after nearly two years of preparations must be trying Moscow's nerves.

Hand in hand with ideological differences Romania has refused to accept Soviet domination of Comecon. At its summit in Budapest last summer Mr. Ceausescu made a sharp attack on "supranationalism," his label for Russian attempts to impose a common economic policy. Again, the Russians have thought it best to ignore these rebuffs, content perhaps that Romania participates more fully in Comecon than its public utterances suggest.

For though Romania has joined the IMF, its economy is firmly locked into Comecon. It has signed long-term delivery agreements with the Soviet Union for such vital items as gas, coking coal, iron ore, and non-ferrous metals. Membership also brings it ready markets for industrial goods that might not find buyers elsewhere, and credits from the Comecon banks, some in hard currency. Romania is participating in the giant Orenburg pipeline project which is being built jointly by a number of Comecon countries to bring Siberian natural gas into East Europe.

Romania invited Sir Christopher Soames, one of the EEC Commissioners, to Bucharest in January to complain about discrimination under the Common Commercial Policy and about its deficit with EEC members as much as to extend a favouring hand in Brussels.

The Soviet Union remains Romania's biggest trade partner. But next on the list is West Germany. That tips the overall orientation away from Comecon which last year took only a third of Romania's trade. The remaining two-thirds was equally divided between the advanced capitalist world and the developing world, a proportion far larger than in the case of any other Soviet bloc country. Romania's links with the Third World have strengthened noticeably during the last two or three years, and are likely to go on doing so since it suits Romania to be identified with a section of the world whose voice and economic strength are growing.

Officially, the policy is based on Romania's status as a developing country (because of the size of its agricultural population), and its desire to align itself with countries coping with similar problems.

Economically the policy pays dividends since Romania is able to exchange industrial goods for raw materials which it needs to import in growing quantities, and able to profit from the increased purchasing power of the oil countries. Politically it builds up a counterweight to Warsaw Pact membership and gives Romania a claque for its defiance of more advanced countries in East as well as West. As one commentator in Bucharest put it: "If you can't play the big parts, at least make sure that the chorus shouts loud."

**"If you can't play the big parts, at least make sure that the chorus shouts loud"—Romanian commentator.**

Romania seemed to be taking this policy a step further last year when it secured observer status with the movement of non-aligned countries and was admitted to the Group of 77 recently. According to officials in Bucharest this should not be seen as the first step towards neutrality. As they explain it, Romania wants closer ties with the Third World, and it is coincidental that most of it is non-aligned. Nevertheless, Romania's interest in non-alignment fits its quietly flourishing relationship with neighbouring Yugoslavia, the movement's leader. Links with Belgrade now cover a wide field, even military (the two countries are jointly developing a fighter aircraft), and top level visits are frequent by earlier standards.

In the shifting world of Balkan politics the two countries look natural allies. It would be difficult for Russia to mount a conventional attack on Yugoslavia without at least passive Romanian co-operation and this would be most unlikely. For though there are no mutual defence treaties, a tacit understanding seems to exist. Neither country will permit foreign troops to be stationed on its soil, and any passage of Warsaw Pact troops through Romania has to be negotiated separately. The soldiers travelling separately from their weapons.

Both countries were also keen supporters of the recent conference of Balkan cooperation, which offered hopes of stronger cohesion in a region whose cracks are all too visible, and exploitable.

Romania paraded its military independence last year by inviting the British, French, Italian and Greek Defence Ministers to Bucharest. There was little of substance in the talks. But in the same period there was only one visit by a Warsaw Pact Defence Minister, the Hungarian.

Conspicuously, Bucharest steers clear of bilateral disputes with the Soviet Union. Due tribute is paid to Moscow in major speeches, and economic progress is attributed in part to ties with the Soviet Union, through not in quite the same fulsome language as in Hungary let alone Bulgaria. Nevertheless disputes simmer below the surface, notably over the question of Bessarabia, the sizeable province of Romania on the north east banks of the Danube which the Russians annexed in World War II.

Feelings run high in Romania about this loss, and Bucharest occasionally reminds Moscow of the fact. The latest issue of Historical Magazine, a learned periodical, contains a long article arguing that Bessarabia is historically Romanian. Not that the Romanians ever expect Moscow to cede the territory. But no other Pact member with territorial pretensions on another ever advertises the fact.

Yet there seems little prospect of Romania easing itself out of the Warsaw Pact. Its obvious vulnerability rules this out, as well as the fact that it cannot afford to sever its economic ties with the Soviet Union. For though the new Five Year Plan aims to strengthen economic independence (by 1980 Romania will produce more steel per capita than the Soviet Union) the country's backwardness and the fact that its oil deposits now meet barely two-thirds of total needs, put strict limits on what it can do by itself.

Moscow seems prepared to tolerate a dash of independence. President Ceausescu's style of Communism has much in common with the Kremlin's—he keeps tight control over economics and politics alike—and his foreign policy for all its dash has fairly well-defined parameters which Moscow has learned to tolerate. And as Mr. Ceausescu recently said, relations with the Soviet Union are "central" to Romanian policy.


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HOME NEWS

# Lord Goodman champions the 'right to write'

BY MICHAEL THOMPSON-NOEL

FEARS for the future freedom of the Press were expressed yesterday by two Fleet Street editors and by Lord Goodman, chairman of the Newspaper Publishers' Association, at a hearing in London of the Royal Commission on the Press.

At the same time, the Institute of Journalists urged the Employment Secretary, Mr. Michael Foot, to ask the Commission to produce an urgent interim report on the Government's proposed voluntary Press charter in response to developments in Barnsley, where local news sources have been encouraged by the National Union of Journalists to give information only to TUC-affiliated union members.

Lord Goodman, chief architect of Parliamentary opposition to the Government's closed shop legislation as it affects the Press, warned the Commission that the Government's stance on the freedom of the Press controversy could prove the first step towards "total anarchy."

The controversy could have been avoided if the Government had agreed to incorporate in the proposed Press charter a simple clause guaranteeing that no one was to be denied the "right to write" by expulsion or exclusion from union membership.

He told the Commission it could "strike a blow for freedom" by reporting that an individual should have the right to work for a newspaper without the threat of industrial sanction.

## Intervention

The right to write was so fundamental that nothing should interfere with it. Asked by the Commission whether a Bill of Rights would help safeguard this freedom, Lord Goodman said he doubted whether a tolerable measure could be extracted from the present House of Commons, given its non-libertarian attitudes.

A closed shop was not a prerequisite to proper and successful industrial negotiation in the newspaper industry.

He disagreed with the attitude of Mr. William Rees-Mogg, editor of The Times, who said last week he would not involve himself in helping to draw up the charter. "I do not believe that we shall be successful," said Lord Goodman, "but it is our duty to try."

A freely negotiated charter was one thing; a charter that had to be negotiated under the threat of intervention by the Secretary of State was another. "Secretaries of State and Parliament should have nothing to do with the running of a free Press."

Mr. Donald Trelford, editor of the Observer, told the Commission he would have preferred Lord Goodman's "unambiguous" amendments to the Government's Trade and Labour Relations (Amendment) Bill, rather than the perhaps ambiguous promises held out by the charter.

Mr. Charles Wintour, editor of the London Evening Standard, said the charter would be helpful in many areas where legislation could not reach. He foresaw no particular threats to free speech from newspaper closed shops, and said it was a great mistake to regard the NUJ as the enemy.

"The union should be regarded as allies in working for greater freedoms," said Mr. Wintour. He deplored those who might refuse to take part in negotiations on the charter and those who persisted in perceiving threats where none existed.

Earlier, the Commission had been told by Mr. M. H. Fisher, editor of the Financial Times, that there could be no objection to editing a newspaper where all journalists belonged to the NUJ provided membership of the union was not a condition of entry and that loss of union membership was not a cause for dismissal.

Quoting the Financial Times as an example, Mr. Fisher said that between 150 and 160 of its journalists belonged to the NUJ. The remainder were either non-union or IOJ members. "It is thus quite clear that the unions are in a position to exercise very considerable power if they feel that the interests of one of their members are threatened.

"What is not at all clear to me is who would protect an individual journalist against arbitrary action by the union in a closed shop situation. We must remember that the powers arising in a closed shop situation are not handed over to a particular group of people controlling the union at a particular time, but in effect for a very long period — if not in perpetuity."

In the absence of agreement between unions and managements, the idea that a Minister should draft a charter containing rules for the Press was totally incompatible with basic freedoms, said Mr. Fisher.

"It is a power which to the best of my knowledge has never been granted to any Minister in the Western world outside a dictatorship. It is a step which could give a government powers of news direction on top of the very considerable powers of news management which governments already have."

In his letter to Mr. Foot yesterday, Mr. R. F. Farmer, general secretary of the Institute of Journalists, said that in some areas, local NUJ office-holders were telling public relations practitioners that unless they joined the union material they submitted on behalf of their clients would not be published.

## Scandal

"This must surely be an indisputable example of that denial of access to the Press for outside contributors and the public that you said in the House would be a scandal and which you pledged Parliament to eradicate."

Mr. Farmer claimed the NUJ was now determined to use every legal means possible to compel all journalists to join its ranks and that "regard for Press freedom, the public good, or the rights of individuals will be subordinate to the achievement of that end."

Although the Royal Commission has interviewed certain witnesses on aspects of the Barnsley dispute, it is thought unlikely that it will produce an interim report on the subject.

It is already due to publish a preliminary report next week on the likely future of the national Press and on suggested means of financial help to assist the introduction of new print technology.

Tories plan attack over NUJ case, Page 17

# National newspapers must 'have will to survive'

BY MICHAEL THOMPSON-NOEL

THE VIEW that the national newspaper industry represented the ultimate in union militancy, management incompetence and technological backwardness, it was hoped, referred to the past, Mr. Percy Roberts, deputy chairman and chief executive of Miror Group Newspapers, told a London conference yesterday.

There were still areas for serious concern, however. The national newspaper industry had refused to operate as a media group to confront the "enemy" —television—and its traditional methods of advertising rate cutting were more appropriately viewed as throat cutting.

Mr. Roberts said the interim report of the Royal Commission on the Press would highlight the constructive action being taken to achieve survival for the national newspaper industry

"With the new technology we have the means to survive. What we need is the desire and the will to survive."

Mr. Joe Wade, general secretary of the National Graphical Association, said the new technology could only succeed if it was introduced on the basis of existing demarcation lines.

# Fall in £ unlikely to hit petrol prices

BY OUR INDUSTRIAL STAFF

PETROL PRICES are unlikely to rise, at least in the short term, in spite of the fall in the value of sterling, leading oil companies forecast yesterday.

With Britain deriving only a very small proportion of its requirements from the North Sea, most of the oil landed has to be paid for in dollars and a prolonged fall would begin to cause problems.

Until it becomes clearer at what level sterling is likely to settle, however, it is unlikely that the oil companies will submit applications to the Price Commission for increases on petrol, heating and industrial oils. Assessments are being made of the effects on costs of the movements over the past few days.

Apart from uncertainty over sterling's ultimate value, the other factor which is likely to prevent any immediate action by the oil companies weak state of the market.

The big producers have already had to trim back margins considerably because of price-cutting by smaller independent petrol groups with access to cheap oil from the Continent.

Nevertheless, the big oil companies point out that every 10 cent deterioration in the value of sterling in relation to the U.S. dollar puts up costs per gallon of crude by about 1p and by 0.5p-1p per gallon at the petrol stage.

# Chrysler wins Post Office order for 2,265 vans

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

CHRYSLER (U.K.) yesterday received its biggest order since the pre-Christmas £162m. rescue plan by the Government—2,265 light and medium vans worth nearly £5m. for the telecommunications branch of the Post Office.

The support from a nationalised industry should help Chrysler factories at Dunstable, Luton and the Coventry engine factory to return to full-time working.

Chrysler workers have been on varying degrees of short time—including temporary lay-offs—since before Christmas. Now that the first and bigger wave of redundancies designed to reduce the total labour force by a third to about 17,000 has taken place and slight signs of an uplift in demand are discernible, full-time working may be restored at some plants rather earlier than originally expected.

The Dunstable van and truck plant and the associated machining factory at Luton were not as hard hit as the car plants at Coventry and Linwood, Scotland. Dunstable is expected to return to a four-day week next month, followed by Luton, with both back to full time in June.

# British wine sales fall first time since 1969

BY KENNETH GOODING

SALES of wine in Britain fell for the first time since 1969 last year, from nine bottles to 8½ bottles a head. The wine trade expects that the drop will cause concern in Brussels.

In gallonage terms, as measured by withdrawals from bond, wine sales last year were 77.5m. gallons, 8.1 per cent. down on the previous year.

A significant feature last year was the swing from wines from countries outside the EEC. Sales of wine from Portugal dropped 18.5 per cent., from Spain 9.1 per cent, and Yugoslavia by 6.6 per cent, according to Customs and Excise statistics.

Only France suffered a setback among the Common Market wine producers: sales of its light wines slipped 1.8 per cent.

Consumption of Cyprus and South African wines and sherries declined.

British wine made from imported grape juice and mainly of the Sherry type, rose less than 1 per cent. Vermouth sales jumped 12.3 per cent. Port sales fell 13.2 per cent.

Responsibility for the drop in wine sales is placed squarely with the Treasury by the Wine and Spirit Association. Mr. David Rutherford, chairman, said yesterday: "Duties, increased in 1974 and savagely in 1975, inflated retail prices at a rate which drove away our customers."

# Aerospace pledge

SUGGESTIONS THAT uncertainty caused by the proposed nationalisation of the aerospace industry was preventing managements of the existing companies from taking decisions were rejected by Mr. Eric Varley, the Industry Secretary, yesterday.

"If the aircraft industry considers specific projects should be undertaken, we shall be very willing to consider such proposals in advance of vesting day."

Mr. Varley was replying to a letter from Mr. Michael Heseltine, Shadow Industry Secretary, criticising the lack of any commercial strategy for the aerospace and shipbuilding industries.

## Hotels deal

Trust Houses Forte has signed a deal for the United Arab emirates which will involve the group in supervision of the building, staffing and eventual management of three hotels to be built at Khan Beach, Sharajah town centre and Khorfakkan

## 'Extremism' stand

Mr. Douglas Eden and Dr. Stephen Haseler, two Labour representatives on the Greater London Council, said that they would not stand as Labour candidates at next year's council elections. Their move was aimed at fighting "the insidious introduction of extremism in the Labour Party."

## Pensions plea

Old age pensions should be increased immediately to £16 a week for a single person and £26 for a married couple, says Help the Aged. Pensioners meet in London to-day at a rally organised by the British Pensioners and Trade Unions Action Group.

## Dearer fares date

The 25 per cent. increase in London Transport bus fares will come into effect on June 20, a month earlier than originally proposed. Underground fares will go up on July 18 as planned.

## Chairman's plea

Management should ensure that employees understand the relationship between profit and investment, Mr Hector Laing, chairman of United Biscuits (Holdings), says in a booklet on inflation and job security published by the company.

# Warning on U.K. roads

BRITAIN'S roads could become some of the worst in Europe if the Government's road expenditure policy is not changed soon, road safety experts were told yesterday by Earl Howe, a vice-chairman of the RAC and president of the Institute of Road Safety Officers.

BY-ELECTION REPORT: CARSHALTON

# A Tory romp amidst the daffodils

Trevor Humphries

*Mr. Nigel Forman, the probable Conservative victor, at ease by Carshalton's picturesque ponds. But there is a different atmosphere among the terraced houses in the northern part of the constituency.*

THE CHERRY blossom is out among the semi-detached 1930s mock-Tudor avenues of Carshalton-on-the-Hill and Carshalton Beeches. Down the road the daffodils are coming into bloom by Carshalton House, the Ponds and the parish church, the carefully restored and preserved reminders of the time at the beginning of the century when Carshalton could claim to be a village not yet overrun by creeping suburbia. Standing on stout stakes in the front gardens of these parts of the constituency are the posters proclaiming their owners' faith in Conservatism and the youthful Mr. Nigel Forman.

| THE CANDIDATES |
|---|
| William Boaks, Air-road pub. safety, white resident |
| Colin Blau, Labour |
| Terence Deville-Faulkner, Nat. Front |
| William Dunmore, Logic |
| Nigel Forman, Conservative |
| John Hatherley, Liberal |
| Reginald Simmerson, Con. v. Common Market |

| OCTOBER, 1974, RESULT |
|---|
| Carr (Con.), 22,538 (45.4%) |
| Atherton (Lab.), 18,840 (37.9%) |
| Smallbone (Lib.), 8,272 (16.7%) |
| majority 3,698 (7.5%) |

On Rose Hill to the north are the terraced houses of the old London County Council estates, serried round the bulk of St. Helier Hospital for all the world like a host of invading troops enviously eyeing the good life in the valley below them.

Rose Hill is Labour territory and the fief of Mr. Colin Blau. The rest of the constituency is as mongrel and nondescript a tract of territory as one would find anywhere within 12 miles of Hyde Park Corner. There Conservative, Labour and Liberal posters vie with prominence in about equal numbers.

It would, however, be a mistake to strike too strong a note about the atmosphere at what is likely to be the quietest—not to say the most apathetic—of the present series of by-elections, this one caused by the elevation to the Lords of Mr. Robert Carr, the former Conservative member, who enjoyed majorities of 5,690 and 3,698 respectively in the successive general elections of 1974.

## Law and order

The local sense of identity is weak in a constituency whose boundaries have recently been redrawn and which is essentially an arbitrarily delineated slab of South London suburbia. Local issues are sparse—the planning blight caused by indecision over the future course of the M23 motorway, and the question of whether or not there should be a big new council estate on the site of the Hackbridge sewage works are the main ones.

There is, for example, none of the drama of local unemployment which sharpened the debate in Coventry North last week.

Thus, when Mr. Forman was asked yesterday how the breakdown of law and order, highlighted in his election address, affected Carshalton, he pointed out that he had received complaints from old ladies about the under-12s pulling up the flowers in their gardens. Such are the tensions of Carshalton, limited though deeply felt they may be. So quiet is the constiuency that many of the older voters seem unaware of Mr. Carr's removal from the Commons to another place.

Mr. Forman's eventual success in Thursday's poll cannot be in serious doubt. Where the contest is of interest, however, is in its eminent usefulness as a barometer of feeling on national issues and on the record of the Government.

Many in the constituency feel that Mr. John Hatherley, the Liberal's challenger, will be the first victim of his Party's dog-fight over the leadership, and that he will be extremely lucky indeed to save his deposit.

It is true that Carshalton abuts onto Sutton and Cheam, which Mr. Graham Tope held briefly for the Liberals in 1972 and that the Liberals have drafted into their tiny headquarters all the help they can possibly muster. But, having secured only 16.7 per cent. of the vote last time, they are vulnerable.

Their candidate, a greying South African born schoolmaster, has views which put him on the extreme right of his party with, say, Mr. Emlyn Hooson. "I was a Friedmanite long before I knew of Milton Friedman," he says. His Liberalism is of the lyrical rather than the commonsensical type, and he is not the man the Liberals should have in an exposed position at a time like this.

Labour's Mr. Blau, a 39-year-old Lambeth Councillor and Controller of Social Work Services for Tower Hamlets, is about as cheeky a Cockney sparrow as a sedate place like Carshalton could take. A solid right winger, in Labour terms, he is campaigning cheerfully and hopelessly on the Government's record.

After his defeat he will doubtless be rewarded with one of those safe South London seats about which prospective Labour candidates are smacking their lips so noisily these days. Indeed, he could become the Bob Mellish of the 1980s.

At the end of it all, the electors are left with the 32-year old Mr. Forman. He does not really deserve the adverse Press comments that he has been subject to during the campaign and in, say, five years' time he should have matured into a very useful MP, bringing with him as he does academic honours from Oxford, Harvard, Brighton and Bruges, and experience with the Confederation of British Industry. But for the moment, his ambitious competence is overlaid with a shyness which comes across as a stiff aloofness and a caution which makes him seem like a trimmer. Nor is he a man who enjoys the hustings.

It is unlikely that any great dent in the poll will be made by Mr. Reginald Simmerson, a Conservative Against the Common Market, Mr. Terence Deville-Faulkner of the National Front, Mr. William Dunmore, the Logician, or Mr. William Boaks for the Air Road Public Safety White Resident battalion.

There should be no surprises from Carshalton.

Hugh O'Shaughnessy


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Société Générale

# Leyland freeze on spending likely to stay till June

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

LEYLAND CARS is unlikely to authorise any substantial relaxation of its capital spending moratorium before June, although if production continues to improve as it has done recently, the freeze will probably be formally lifted at the end of March.

When imposing the freeze last November, the company promised to review the situation with the unions after four months. It now concedes that there has been some improvement in both the level and continuity of output. But it is reluctant to rush into a heavy programme of capital spending authorisation in advance of the next large allocation of cash from Lord Ryder's National Enterprise Board.

This is due in June. Between then and now, the car group has made cash conservation one of its main priorities, and Mr. Derek Whittaker, the Leyland Cars managing director, is expected to spell out to the unions his determination to establish a six-month period of consolidation during this period.

Over the last three months, output has risen steadily month by month, although in January it was still lower than in the same month last year. The target is to continue the improvement and get well above the figures being achieved in the latter half of last year, when Leyland's market share crashed in Britain because of supply difficulties.

At present, Leyland is still experiencing problems in supplying some models such as the Allegro and Princess, and is also short of cars for export, particularly to Continental Europe.

● Ford's Ghia design studio in Turin yesterday unveiled a city car only 8 feet long

● Smiths Industries said its vehicle instrumentation division has been awarded a contract by Volvo to supply instruments for the Volvo 343 DL. The contract is estimated to be worth more than £8m.

# Foreign cars take 36% of market

Foreign cars took 36.06 per cent. of U.K. sales in February, according to revised figures published to-day by the Society of Motor Manufacturers and Traders. Preliminary statistics had indicated import penetration slightly lower at 35.4 per cent.

The number of foreign cars registered during last month was 38,774 against 32,000 (28.58 per cent.) in February last year. For the first two months of the year foreign firms sold 81,229 cars (34.09 per cent.) compared with 74,456 in 1975 (30.67 per cent.).

EEC countries (other than Britain) boosted their U.K. sales in February from 16.77 per cent. to 23.84 per cent., EFTA makers' share rose from 1.59 per cent. to 1.97 per cent. and the East Europeans' share rose from 0.96 per cent. to 1.24 per cent. But the share taken by the Japanese makers fell slightly from 9.13 per cent. to 8.96 per cent.

Total registrations last month, at 107,520, were 4 per cent. down on February 1975, and the lowest for the month since 1971.

U.K. CAR REGISTRATIONS

| | February 1976 | % | February 1975 | % | First two months 1976 | % | 1975 | % |
|---|---|---|---|---|---|---|---|---|
| British Leyland | 33,547 | 31.2 | 50,231 | 44.86 | 71,363 | 29.95 | 93,557 | 38.54 |
| Ford | 26,226 | 24.39 | 17,593 | 15.71 | 59,493 | 24.97 | 44,292 | 18.25 |
| Chrysler | 5,091 | 4.74 | 8,517 | 7.61 | 15,469 | 6.49 | 20,201 | 8.32 |
| Vauxhall | 8,555 | 7.96 | 4,854 | 4.33 | 19,125 | 8.03 | 12,912 | 5.32 |
| Total British | 68,746 | 63.93 | 79,975 | 71.42 | 157,058 | 65.91 | 168,303 | 69.33 |
| Renault | 5,131 | 4.77 | 4,213 | 3.76 | 11,630 | 4.88 | 12,183 | 5.01 |
| Datsun | 5,736 | 5.34 | 7,097 | 6.54 | 12,742 | 5.35 | 15,725 | 6.47 |
| VW-Audi/NSU | 3,610 | 3.36 | 3,135 | 2.80 | 8,170 | 3.43 | 7,511 | 4.5 |
| Fiat | 4,208 | 3.91 | 3,456 | 3.09 | 7,031 | 2.95 | 7,152 | 2.95 |
| Total Imports | 38,774 | 36.06 | 32,009 | 28.58 | 81,229 | 34.09 | 74,456 | 30.67 |
| TOTAL | 107,520 | 100.00 | 111,984 | 100.00 | 238,287 | 100.00 | 242,759 | 100.00 |

# Building recession worst for 50 years

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

CONSTRUCTION OUTPUT in the last part of last year continued to reflect the recession in the building industry, widely considered to be the worst for 50 years.

Provisional figures from the Department of the Environment show no sign of an upturn in the level of work carried out during the final quarter of last year.

For the year as a whole, output was estimated to be 6 per cent. below the previous year's level, which was itself 10 per cent. down on 1973.

A few days ago, the Department reported that new orders received by contractors in the last few weeks of last year had fallen off sharply, adding to the depressing order picture which emerged last year.

The figures provided no indication that higher output levels could be expected and the volume of building work this year is generally expected to be about 2 per cent. down on last year.

According to the Department of the Environment, all building output achieved by contractors in the last quarter of 1975 was valued at £2.95bn. at current prices compared with £3.05bn. in the previous three months. On a constant price basis, work levels were 2.2 per cent. down on the third quarter and 2.8 per cent. below the volume recorded a year earlier. In the third quarter of last year, orders had shown some upturn over the preceding three months.

Council house building carried out in the last quarter represented, at £400m. in current prices, a near repeat of the previous three months' output. On a constant price basis, work was 1.8 per cent. up on the preceding quarter and nearly 10 per cent. higher than a year earlier.

In the private housing sector, output at current prices was valued at £384m. in the last quarter of last year, a fall of £25m. from the preceding quarter. At constant prices, housing work was calculated to be 2.4 per cent. down on the previous quarter and 5.3 per cent. below the same quarter of 1974.

# Harlech wins court battle

BY ANTONY THORNCROFT

HARLECH TELEVISION seems to have won its battle with the Price Commission. The Appeal Court ruled yesterday that HTV was entitled to treat the Exchequer Levy, which the commercial television companies pay to the IBA, as a "production cost" in computing price rises permissible under the Counter-Inflation (Price Code) Order of 1974.

Last November Mr. Justice Mocatta ruled that it could not be included, and prevented a 16.26 per cent. increase in the advertising rate to be paid by advertisers on HTV. But the three appeal judges, headed by Lord Denning, reversed this decision, and the company can increase its rates without breaking the Government's anti-inflation laws.

After the ruling, which the Price Commission can take on appeal to the House of Lords, Mr. Ron Wordley, sales director at HTV, said, that advertisers would now be alerted of an increase in rates to come into effect in eight to ten weeks' time. The extra cost of advertising on HTV could be up to 15 per cent.

# Receiver for Fairfax Jersey

By Rhys David, Textile Correspondent

FAIRFAX JERSEY, the Manchester-based manufacturer of jersey fabric with plants in Northern Ireland and Anglesey, has called in a receiver after failing to secure further cash support for its operations.

The company, which made a loss of £240,000 last year has been financing a major programme of reorganisation with the aid of a loan from the Northern Ireland Finance Corporation, but further help has apparently now been refused.

As a result, the company states, its principal bankers have been unwilling to continue their support, making it necessary to appoint a receiver pending clarification of the group's future.

Fairfax, like the other textile groups which, in recent weeks have called in receivers, has been affected by the length of the recession which, in textile trading, shows no signs of coming to an early end in the U.K. at least.

The company, which had a turnover in the year to the end of June of £3.5m., embarked on a major expansion in 1974 aimed at increasing capacity with new facilities in Northern Ireland and expansion of dyeing and finishing in Anglesey.

The expansion was intended to meet higher demand and enable the company to broaden its range of fabrics within the jersey knitting field.

The company's new facilities coincided, however, with a major drop in fibre and fabric prices as a result of the recession and over-capacity in double jersey in the U.K. and the company was forced last year to introduce a programme of rationalisation.

This included closure of one plant at Holyhead and concentration of texturising, spinning and circular knitting in Northern Ireland. Dyeing, printing and finishing was concentrated at Holyhead.

The company also pointed in its last report to a major effort to reduce stocks, but said that in carrying this out it had been forced to accept unprofitable prices and heavy losses.

The company said yesterday that its plan had not arrested losses as quickly as hoped.

The company's listing on the Stock Exchange has been temporarily suspenden following the appointment of the receiver. The company employs about 400 people.

# Loyalists fail in bid to hold 'unofficial' assembly meeting

BY OUR BELFAST CORRESPONDENT

AN ATTEMPT by Loyalist politicians yesterday to hold an unofficial meeting of the defunct Northern Ireland Convention, in defiance of the Government's dissolution order, met with failure.

The 40-strong coalition of former Unionist Convention members was seriously split about the wisdom of the solitary attempt to reconvene the assembly, and only 16 turned up for the meeting in a hall in East Belfast.

The poor attendance reinforced speculation that the coalition is in danger of breaking up.

Its members are still undecided about how they should react to the Government's final rejection of their demands for a return of majority rule.

Those who attended yesterday's meeting formed themselves into a committee and hope to put plans for their future tactics to the full coalition on Saturday.

A Loyalist spokesman said tersely: "The plans are for the implementation of our proposals. There will be no further statements."

But it is known that the more extreme Loyalists, who want the toughest possible sanctions used against the Government during direct rule, have so far failed to gain the support of a majority of coalition members.

The Belfast brigade of the Provisional IRA has accused the British Army of "complicity" in the bombing of a pub in Castleblayney in the Irish Republic on Sunday night, when one man was killed.

The Provisionals claimed that the Army was keeping secret the quantity of explosives captured from territories in Ulster.

● Government talks with political wings of para-military groups in Ulster should be stopped, Mr. Airey Neave, Opposition spokesman on Northern Ireland, said last night.

● Harland and Wolff has confirmed that its Belfast shipyard will go ahead with building two giant tankers for Coastal States Gas of Houston, Texas, which has bought out Maritime Fruit Carriers' interest in the vessels.

The company, however, said that it was still seeking clarification from Maritime Fruit about the future of a third tanker on the order books.

The three ships are vital to the continued employment of the shipyard's workforce into 1978.

# General Accident extends 'speedy claims' service

BY ERIC SHORT

GENERAL ACCIDENT insurance group, with more than 1m. U.K. drivers on its books, is to extend its accident reporting scheme to the Lincoln, Hull and York areas.

This scheme, designed to speed the reporting and settlement of motor accident claims, was started by the group in 1974. Then 70,000 policyholders in South-West England were given an "agreed statement of facts" form to complete in the event of an accident.

The statement provides a basic record of "agreed" facts, such as names and addresses of drivers, owners and witnesses, direction of travel and position of cars after impact. Speedy receipt of the statement enables General Accident to process the claim without delay.

Mr. John Sheather, assistant general manager (U.K.), said that he hoped that the extension of the experiment to a wider section of the British motoring public would result in a better and speedier claims service.

Such a system was widely used on the Continent with good results, but the response so far in S.W. England had been disappointing, with the form being completed after only 8 per cent. of accidents.

# Shipyard orders still down

OUTPUT from Britain's shipyards last year was the second lowest since 1969—but the industry maintained its fifth position in the world shipbuilding league.

Of a total of 34.2m. gross tons completed last year, Britain's share was 1.2m.

Japan's output of 17m. tons represented 49.7 per cent. of the world total, and West Germany's output of 2.5m. tons, representing 7.3 per cent., pushed them into second place in the league, according to figures published to-day by Lloyd's Register of Shipping.

What the boom figures—a world record for the 10th successive year—do not show, however, is that many of the giant supertankers which were completed last year have made only one voyage. This has been to a quiet harbour somewhere to be laid-up because of the drop in world oil shipments.

The figures show that while 30 per cent. (348,000 tons) of the output from British yards was for export, British owners imported vessels with a gross weight of 2.1m. tons, reflecting the better prices and delivery dates which are available from many foreign yards.

● Govan Shipbuilders, the Government-controlled yard whose work force faces lay-offs later this year, is in negotiation with a foreign shipowner for a cargo ship order.

But a company spokesman said yesterday that the negotiation was at such a delicate stage that no information could be given.

The news was conveyed to a meeting of the 4,000 workers at the yard in Glasgow yesterday when they were addressed by stewards' convener Mr. James Airlie.

# FT Industrial Architecture Award

BY H. A. N. BROCKMAN

FOR the 10th anniversary of the FT Industrial Architecture Award, the first of which was made in 1967, a panel of three assessors will, as usual, judge the entries.

Architect assessors are Mr. H. T. Cadbury-Brown and Mr. Peter Falconer. Sir Colin Anderson, industrialist and chairman of the Royal Fine Art Commission, will again be the industrial assessor.

The award is to encourage industrial building and engineering which will contribute to the industrial environment and initiate new aesthetic interest and practical purpose.

In 1976, another encouraging entry is hoped for and all designers of industrial buildings are invited to enter the competition. A good proportion of entries has come, in the past, from structural engineers and combined partnerships of architects and engineers.

One point that must be made, affects those who have submitted applications but failed to gain an award or a commendation: that, provided the completion date of a building falls within the time limit, it may be submitted for a second appraisal.

Applications must be received not later than Friday, June 4. The names of the winner and those commended will be announced at a luncheon on November 11.

Application forms and conditions can be obtained from the Financial Times, 10 Cannon St., London, EC4P 4BY. Envelopes should be marked in the top left-hand corner: "Industrial Architecture Award."

# Craftsmen shortage is forecast

THERE was likely to be a shortage of craftsmen in the engineering industry in the next three years, whether or not there is an up-turn in the economy this year, the Engineering Industry Training Board said yesterday.

The Board's report on employment and training of craftsmen in the industry shows that the number of boys completing approved training fell from an average of 15,500 a year in the early 1970s to an averag eof less than 10,500. This is barely enough to make up for expected promotions let alone other losses.

The Board proposes to add up to 4,000 trainees to last year's recruitment, but this cannot produce fully-trained craftsmen until 1979.

## SNOW REPORTS

| | Depth (cms.) L | U | State of Piste | Weather | °C |
|---|---|---|---|---|---|
| Andermatt | 25 | 145 | Fair | Fair | —3 |
| Isola 2,000 | 110 | 150 | Good | Fine | —3 |
| Murren | 60 | 170 | Good | Fine | —3 |
| St. Anton | 30 | 275 | Fair | Fine | —2 |
| Verbier | 25 | 80 | Good | Fine | —1 |

The above reports are supplied by the Ski Club of Great Britain.

SWITZERLAND

| | | | | | |
|---|---|---|---|---|---|
| Grindelwald | 20 | 70 | Good | Sun | [illegible] |
| Crans | 40 | 110 | Good | Sun | [illegible] |
| Klosters | 30 | 110 | Good | Sun | [illegible] |
| Lenk | [illegible] | [illegible] | Good | Sun | [illegible] |
| Saas-Fee | 30 | 220 | Good | Sun | [illegible] |
| Zermatt | 35 | 80 | Good | Sun | [illegible] |

GERMANY

| | | | | | |
|---|---|---|---|---|---|
| Garmisch | 3 | 75 | Poor | Cloud | [illegible] |
| Oberammergau | 10 | 45 | Fair | — | [illegible] |

SCOTLAND

Cairngorm—Main runs: few complete, others broken, surface icy. Limited nursery areas. Vertical runs 1,000 feet. Access roads clear. Snow level 2,000 feet.

Glenshee—Main runs: none complete, patchy cover, spring snow. Vertical runs 500 feet. Access roads clear. Snow level 2,500 feet.

Glencoe—Main runs: few complete, others broken, hard-packed snow with icy patches. Vertical runs 1,000 feet. Access roads clear. Snow level 2,000 feet.

Forecast—Mainly cloudy, occasion light snow. Freezing level 2,000 feet.


Stockbrokers are getting bullish about GROUPTHINK

Groupthink is a way of facing the world in good style. The idea started fifty years ago when the founder of University Tailors hit on a method of making valets available to all by sharing them and their cost around. It was like joining a club. Subscribers paid an annual fee. This entitled them to have suits collected regularly from their home or office. All minor repairs (as many as 53) were attended to. And then (almost before you can say Savile Row) suits were returned in immaculate condition, ready for wear. Now the founder's son has taken this idea a stage further. Any number of directors and top executives can group together and enjoy the advantages of good grooming in the traditional University Tailors manner. Groupthink. Stockbrokers in Greater London are taking up Groupthink on behalf of their top people. So are accountants and merchant bankers, commercial undertakings and manufacturing concerns, partnerships as well as boards of directors.

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March 10, 1976

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LABOUR NEWS

# Independent union status won by junior doctors

BY CHRISTIAN TYLER, LABOUR STAFF

A MILITANT doctors' organisation which broke away from the British Medical Association has become the first organisation to receive an official certificate as an independent trade union under the new Employment Protection Act.

A certificate has also been issued to the 25,000-member Association of University Teachers. The National Union of Bank Employees, a TUC-affiliated union with about 100,000 members, is likely to be third on the list and more names are expected shortly.

Eighty-one organisations have applied so far for certificates, including the British Medical Association, several big TUC unions and some staff associations (whose independence is being hotly challenged by the TUC unions).

### Important

Neither the Transport and General Workers' Union nor the General and Municipal Workers' Union—for whom certificates would be virtually automatic—has applied.

For the first union to be given a certificate, the 5,000-member Junior Hospital Doctors' Association, the decision is particularly important since the JHDA is not recognised by the Department of Health for negotiating purposes. The certificate will strengthen its case for such recognition.

Its non-recognition led to many protests during the junior hospital doctors' recent industrial action over new contracts—action which has resurfaced in the Oxford area.

### Federate

The JHDA, set up about eight years ago because of disaffection with BMA policies, is proposing to federate with a similarly hard-line body for senior doctors—the Hospital Consultants' and Specialists' Association.

The future of the BMA as sole negotiating body is therefore in doubt. Much will depend on whether it, too, is granted a certificate.

---

The INDUSTRIAL DEVELOPMENT AUTHORITY, the state agency for promoting industrialisation in the Republic of Ireland, has appointed Mr. Ivor S. F. McElveen as senior director for Europe.

# TUC may take softer line on worker participation

BY ROY ROGERS, LABOUR CORRESPONDENT

A SOFTER line on worker participation is being suggested by the TUC, after growing union criticism of the Congress's rigid demand for 50-50 trade union representation on supervisory Boards.

With three of the largest TUC unions opposing the idea of mandatory imposition of joint supervisory boards, the TUC is taking what appears to be a more placatory attitude in a confidential document circulating among members of the TUC economic committee.

The document from the TUC office suggests that legislation be passed to allow 50 per cent. worker participation but that this option should only be taken up with the approval of the unions in the company or group concerned. Otherwise the unions' seats would be left unfilled.

Whether this approach will find favour with unions such as the General and Municipal Workers, the Electrical and Plumbing Trades Union and the Amalgamated Union of Engineering Workers and dissuade them from putting their own contradictory evidence to the Bullock Committee, remains to be seen.

The GMWU and the EPTU oppose the TUC plans for mandatory supervisory boards on the grounds that, in many cases, the extension of collective bargaining machinery might be more effective.

A similar line was adopted yesterday by the AUEW, certainly as far as private sector companies are concerned, although the AUEW favours workers directors in nationalised and State-financed industries.

Further views on ebt issue come to-day from the non-TUC Steel Industry Management Association, which represents middle management.

In its evidence to the Bullock Committee and the Government's inter-departmental committee on industrial democracy in the public sector, SIMA rejects the concept of union representation on supervisory boards on the principle ground that "managers must be free to manage."

If the Boards became law then managers should also be on them.

Supervisory Boards should be comprised of four equal parts involving representatives of workers, managers, shareholders and a fourth group—"social interest, including politicians and consumers." Failing this, SIMA urges at least some representation for managers.

Appealing for greater disclosure of information, SIMA says that the British Steel Corporation's "marked reluctance" to disclose key statistics resulted in situations developing to crisis point before unions were given adequate explanation of the seriousness of the situation.

Although excluded from the Corporation's own worker-director experiment, which began in 1967, SIMA finds this approach to participation more attractive than the two-tier system because, in its view, it provides a bridge between unions and management without inhibiting the principle purposes of the union to negotiate on behalf of its members.

## Steel peace bid fails

By Our Labour Staff

TALKS aimed at settling the strike by 3,500 workers at Scotland's largest steel plant broke down last night in spite of a management offer to rescind dismissal letters to 120 workers.

The unions wanted the British Steel Corporation at the Ravenscraig plant, Motherwell, to guarantee that it would not issue similar letters in future.

## Ferrybridge Six plan High Court appeal

By Our Labour Staff

THE "Ferrybridge Six" power station workers are appealing to the High Court in an attempt to get back their jobs after an industrial tribunal ruling that they were unfairly dismissed by the Central Electricity Generating Board in September.

Their solicitor, Mr. Thomas Disken, of Dewsbury, Yorkshire, said yesterday that he had given notice of appeal against the tribunal's failure to recommend their reinstatement at the Ferrybridge "C" power station in West Yorkshire.

His move came after the CEGB's refusal to take the six back, or to hold a ballot of the 530 Ferrybridge workers to test the men's claim that in spite of shop stewards' threats there would be no industrial action if they returned.

The men were dismissed for failing to join one of four unions in a closed shop, but the tribunal said that the closed shop had not been thoroughly or impartially enforced.

Since then the president of the small unrecognised Electricity Supply Union, to which the six belong, has been expelled from the General and Municipal Workers Union at another power station for continuing to recruit on behalf of the ESU.

## Patent agents resist joining union

By Our Midlands Correspondent

THE closed-shop controversy has penetrated an unlikely byway of manufacturing activity—the 11 patent agents at Fort Dunlop, the tyremaker's headquarters in Birmingham.

Fort Dunlop is a staff-oriented site dominated by the General and Municipal Workers Union's white-collar division—the Managerial, Administrative, Technical and Supervistory section.

One or two in the patent department want to join the union, but others have been less receptive. A sharp difference of opinion has broken out, with the background threat that under the new Act they may have to join the union.

Discussions are continuing between the employees, union and management.

## Newspaper wholesalers mark time

By Our Labour Staff

NEWSPAPER wholesalers in outer London yesterday agreed to suspend for a week their application for a new court injunction against the publishers of national Sunday papers, ordering them to ensure deliveries for outer London by 4.30 a.m. next Sunday.

Mr. John Bowyer, counsel for the wholesalers, told Mr. Justice Templemann in the High Court that last Sunday's supplies were received in "commendable good time" and that the application for a court order therefore, would be held back for a week.

In fact, it was distribution in inner London that was hit last Sunday by unofficial action by members of the Society of Graphical and Allied Trades

The SOGAT members want the Sunday paper publishers to deliver to outer London wholesalers only after those in inner London have been supplied.

# Bid made to resto[re] lost earnings of warehousemen

BY CHRISTIAN TYLER, LABOUR STAFF

THE TRANSPORT and General Workers' Union is trying to find ways of restoring the lost earnings of six or seven warehousemen, part of whose job has been defined as "dockwork" and therefore handed over to registered dockers.

The warehousemen, who work in a Geest Industries' banana store on Barry Port, South Wales, are TGWU members, as are the seven registered dockers who have been taken on to do the warehousemen's former "extra" duties.

Both the company and the TGWU's district official in Barry said yesterday that there was no question that the men would be made redundant.

The situation, which Geest says is an inter-union affair, has arisen because of the present rules of the national dock labour scheme, which the Government wants to extend by means of a controversial Bill now before Parliament.

Since the Bill was published, employers and unions have protested that it will enable TGWU dockers to force other employees, including TGWU members, out of jobs.

Mr. Michael Foot, Emp[loyment] Secretary, who launch[ed the] Dock Work Regulation B[ill, gave] an assurance yesterday [that he] would re-examine it at [...] of its committee stage.

He was replying [to Mr.] Nicholas Ridley, Conserv[ative MP] for Cirencester and Tew[kesbury,] who said that the Natio[nal Dock] Labour Board, to be reco[nstituted] by the Bill, was in d[anger of] becoming "a sort [of ...] Chamber."

Mr. Ridley, however, [...] an amendment tabled [...] Parliamentary committee [...] to ensure maximum pu[blic dis]closure of the Board's w[ork.]

### Adviser

In Barry, further ta[lks this] morning will be attende[d by Mr.] Alf Avison, Geest's [...] relations adviser, who [...] years ago was a district [...] of the TGWU.

Mr. Avison said last n[ight] the company accepted a [...] Dock Labour Board [...] about the men's jobs, [but did] not agree — as the [...] requesting — to make [up the] £15-£20 a week of earn[ings lost] as a result of it.

# Rig unions discuss recruiting spheres

BY DAVID CHURCHILL, LABOUR STAFF

UNIONS RECRUITING North Sea oil rig workers as members are holding talks to determine "spheres of influence" and to prevent poaching of members from other unions.

The talks come after an agreement reached in October between shipping unions led by the National Union of Seamen and the owners of the Dundee Kingsnorth drilling rig.

The agreement was a big step forward for union recognition on North Sea oil rigs. It established a closed shop and granted considerable improvements in fringe benefits for offshore workers.

The deal, however, angered the Transport and General Workers' Union, which was not included in the agreement negotiated by the British Seafarers' Joint Council.

The joint council includes the NUS, the Merchant Navy and Airline Officers' Association, the Amalgamated Union of Engineering Workers and several other unions with members on North Sea rigs.

At a meeting this week between the TGWU [and the] shipping unions, Mr. Ja[ck Jones,] the TGWU general s[ecretary,] was asked to clarify th[e types] of workers that would be [eligible] for membership of hi[s union.] The move was to av[oid] allegations of poaching [between] the TGWU and the NU[S.]

Further talks betw[een the] TGWU and the shippin[g unions] will be held to estab[lish a] procedure for recogni[tion on] other oil-rigs due t[o enter] service shortly.

Negotiations are li[kely to] involve the Aberdeen-b[ased off]shore union committe[e, which] includes the TGWU, th[e Boiler]makers' Amalgamation [and the] Electrical and Plumbin[g Trades] Union—which believe [that] recognition in the indu[stry can] best be achieved" by a [united] front.

The committee has dr[awn up a] ten-point charter for [union] recognition, which is in [line with] TUC policy. The unio[ns on the] committee want recog[nition to] cover permanent rigs a[s well as] the exploration rigs

# AUEW talks make so[me] progress to federation

BY OUR LABOUR STAFF

THE FOUR sections of the Amalgamated Union of Engineering Workers made some progress towards drawing up a new draft constitution for a completely federated union yesterday, but a number of contentious issues appear to remain unresolved.

The four executives will meet again on April 7, in the hope of reaching agreement then.

Yesterday, they apparently agreed that the policy-making national committee of a federated union should be smaller than the 300 members initially suggested, but the distribution of seats among the four sections remains unresolved.

The executives also agreed in principle that there should be a uniform system for electing officials, but again the settlement of details [of] what to do with official[s of the] Technical, Administrat[ive and] Supervisory Section (TA[SS) who] at the moment can e[lect to] remain in a post for l[ife.]

There was agreement [on the] other hand, that the [union] should have one execut[ive with] complete financial cont[rol, a] national committee, or [a rules] revision body and one [appeals] committee.

Even if the executive[s agree] their plan could still [be upset] at the Engineering [Section's] annual policy-making me[eting in] May where some Right[-wingers] plan to make sure that [an] amalgamation only take[s place] if their section is in c[ontrol.]

APPOINTMENTS

# Imperial Group posts

Mr. John Smith, personnel director of W. D. AND H. O. WILLS, is leaving the company to join the secretary's department at IMPERIAL GROUP'S head office in London. He is to be succeeded by Mr. Tony Collingridge, at present general manager of the Wills Scottish and Northern Ireland Division.

Mr. Smith will be the second member of the Wills Board to leave Bristol this year, for Mr. Colin McCay is moving to Liverpool in September to become deputy chairman and eventually chairman of Ogden's. Mr. Collingridge had been named as his successor as production director, but that position on the Board will now go to Mr. Rex Thornley, general manager of the Wills Western Division.

Mr. Roger Seager, at present general production manager (cigars) and based in Bristol, becomes general manager in Glasgow.

★

Mr. P. J. Noakes has been appointed director, COMINCO EUROPE. He replaces Mr. O. E. Owens who was recently appointed vice-president, exploration. Mr. Noakes will be responsible for Cominco's operating interests in Europe including those Greenland.

★

BANCO ESPIRITO SANTO E COMERCIAL DE LISBOA has appointed its senior international manager, Dr. José Amorim, as representative, and Mr. Victor Nuno, as deputy representative, of the London representative office.

★

Mr. Jim Humphreys, a founder member of the ROHM AND HAAS organisation in Europe, and the company's longest serving U.K. executive, has retired.

★

Mrs. M. R. Grimes has been appointed chairman of the SOUTH EASTERN GAS CONSUMERS' COUNCIL for three years from March 24.

★

In a newly created post involving increased marketing responsibilities for home and overseas, Mr. T. E. L. Goldsmith has moved from Lyons Maid, where he was sales and marketing director, to LYONS BAKERY to take up the appointment of operations director, sales and marketing. Mr. Goldsmith succeeds Mr. John Pepler, whose responsibilities now include U.K. sales and marketing of the Lyons Bakery cake and biscuit range.

★

Mr. P. R. A. Bainbridge and Mr. William Campbell have been appointed to the Board of ASSOCIATED CONTAINER TRANSPORTATION SERVICES. Mr. Bainbridge, is development manager and Mr. Campbell is operations manager, European division.

★

CARPENTER AND PATERSON INC. of Boston, U.S., has appointed a European Board of executive directors: they are Mr. Norman Stanford (sales), Mr. Roy Butler (engineering), Mr. Trevor Morris (works), Mr. Alan Stringer (financial), and Mr. Harry Barnstijn (Netherlands branch). Mr. John Lee continues as managing director and chief executive of Carpenter and Paterson in the U.K.

★

Mr. Harold T. Jenkins has been appointed a director of B. ELLIOTT AND CO. with responsibility for the group's South African interests.

★

The DEPARTMENT OF INDUSTRY has made the following appointments to Regional Industrial Development Boards in England.

Northern Industrial: M[r. ...] Grant and Mr. A. G. Th[...] Yorkshire and Humbers[ide: Mr.] J. H. Hooper, Mr. T. M[...] and Mr. C. Russell Smith [...] West: Mr. R. G. Parkin [...] P. E. Neale.

In addition Mr. R. A. C[...] a member of the North[ern In]dustrial Development Bo[ard, has] been appointed chairman [of the] Board. He succeeds M[r. ...] Woodeson, who has [...] from the Board to tak[e up a] position with the Britis[h ...] Corporation.

★

Mr. H. I. S. Brounger h[as been] made international m[arketing] director of AUTO[MOTIVE] PRODUCTS. He will be [respon]sible to Mr. S. L. Potte[r, ...] board director, group sa[les and] marketing, and will be in [charge] of co-ordinating and imple[menting] the group domestic and [interna]tional sales and marketing [...] with the operating divisi[ons.]

Mr. W. A. Moore ha[s been] appointed to the newly [created] position of director and [general] manager, Leamington Au[...] Division and Mr. L. B. Ru[...] comes manufacturing dir[ector of] that division.

★

PEPSICO INC. / EURO[PE has] appointed Mr. Christop[her] Albright as managing dire[ctor of] its U.K., Ireland, Icela[nd and] Scandinavian territories. [Mr.] Albright recently arrive[d from] Beirut, Lebanon, where [he has] been director of marketi[ng for] Pepsi-Cola's Middle Easter[n opera]tions.

★

Mr. Peter Crippen ha[s been] appointed an executive dir[ector of] NEVILL LONG (EASTERN) [...] of the Nevill Long Group.

★

Mr. R. J. Smith former[ly] sales director of Rank [...] International, has been ap[pointed] sales and marketing dire[ctor of] COLSTON APPLIANCES.

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Since 1957 BUPA has injected several millions of pounds of its investment income into Nuffield Nursing Homes Trust, a charity formed by BUPA, to develop modern private hospitals throughout the country.

It's all part of Britain's vital and growing private medical sector.

If you're giving BUPA protection serious thought, as you must, ask yourself this.

How come your company has everything covered except its most vital assets?

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Position
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BUPA

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In which case, may we suggest you look at your company car? If it's at all typical, it probably gives you little more than 15 miles to a gallon.

And you might decide that you'd set a better example if you arrived at work in an Audi 100.

According to Autocar, its overall mpg is 40% better than that of a Jaguar XJ 3.4. It has the added advantage of needing a major service only once every 10,000 miles.

But for all this, our car offers you a measure of performance and spaciousness that is at least as generous as that offered by its more thirsty competitors.

It also offers you such a degree of comfort that one admiring gentleman chose to drive an Audi 100GL non-stop, 22 hours a day, for 2 weeks, which we believe to be a world record.

Last, but by no means least, the Audi offers you a steering and braking system that can keep you on course if a front wheel skids or punctures. And, though other executive saloons may preach about safety, that's one particular feat they can't actually practise.

In short, the Audi 100 doesn't involve you in the sacrifices you might expect.

And the advantages? Well, how many companies who persist in following the extravagant policies of the past can hope to stay in business?

As you're always, no doubt, telling your staff.

Audi

AUDI 100LS ILLUSTRATED £3,298. PRICE INCLUDES VAT AND CAR TAX AND IS CORRECT AT TIME OF GOING TO PRESS. FOR AN INFORMATION PACK ON THE AUDI 100 WRITE TO AUDI CUSTOMER ENQUIRIES, PEMBROKE HOUSE, CAMPSBOURNE ROAD, LONDON N8 7PT. PERSONAL EXPORT SALES: 95 BAKER STREET, LONDON W1. TEL: 01-486 8411.

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All replies will be handled in the strictest confidence, and as a leading firm of management consultants retained to select the executive for this position, we undertake not to disclose any information to our client prior to a personal interview, and only with the consent of the respondent.

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## COMPANY NOTICES

GREAT BOULDER MINES LIMITED

NOTICE IS HEREBY GIVEN that on the 12th day of February 1976 His Honour Mr. Justice Crockett ordered that the Scheme of Arrangement proposed between Great Boulder Mines Limited and its members dated the 14th day of November 1975 be approved ...

459 Collins Street, Melbourne. 10th March 1976.

By Order of the Board S. K. LARSEN, Secretary

BRASCAN LIMITED (Incorporated under the laws of Canada)

NOTICE IS HEREBY GIVEN that the Board of Directors of this Company has declared a quarterly dividend ...

FOX'S BISCUITS LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books will be CLOSED from 29th March 1976 to 10th April 1976, both dates inclusive, for the preparation of Dividend Warrants.

By Order of the Board

3rd March 1976

THE THARSIS SULPHUR AND COPPER COMPANY LIMITED

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER

RIGHTS ISSUE OF 500,000 REGISTERED SHARES OF £2 EACH AT PAR

By Order of the Board. R. N. PETERS Secretary

Registered Office ... 8th March, 1976.

## PUBLIC NOTICES

GLASGOW DISTRICT COUNCIL ...

## LEGAL NOTICES

No. 004186 of 1975

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of LONGVALLEY CONSTRUCTION COMPANY LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 19th day of December 1975, presented to the said Court by TIMOTHY JOHN SIMPSON HARDACRE of 43 Old Queen Street, London, S.W.1, Solicitor of the Supreme Court, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 22nd day of March 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

LUCIEN A. ISAACS & CO.,
Bank Chambers,
185 Wardour Street,
London W1V 4EL
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 19th day of March 1976.

No. 6 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Liverpool District Registry Group "A." In the Matter of CROPWOOD (FARM SERVICES) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 5th day of February 1976, presented to the said Court by BERMANS (a firm) who carry on business at Trident House, 31/33 Dale Street, Liverpool L2 2NS, in the Metropolitan County of Merseyside and that the said Petition is directed to be heard before the Court sitting at St Georges Hall, William Brown Street, Liverpool 3, in the Metropolitan County of Merseyside, on the 5th day of April 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BERMANS,
Trident House,
31/33 Dale Street,
Liverpool L2 2NS
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 2nd day of April 1976.


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V. Stanley Walker & Son. Chartered Surveyors. The Mart, Albion Place, Leeds 1. Tel: 0532-36551.


# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● AUTOMATION

## Emergency monitor dials for help

IN APRIL, a company specialising in low-cost solutions to communications problems will start marketing what could be called an "electronic watchdog" which could save plant operators and industry in general a great deal of time and money.

Developed as a result of the observation that a great deal of sensor equipment is tuned to detect variations from set points to within 0.1/0.2 per cent. of the value, that is, suitable for sensitive chemical and other processess, and is being used in applications where such accuracy is not really needed, the Telcon T 762 is a low-cost sensor-based device that can do many *different jobs.*

Pressure, temperatures and other conditions can be monitored to within 2-4 per cent. typically, placing a much lighter burden on means of remote communication.

### Data check

Equipment is able to check up to 44 alarm sensors and 12 analogue readings and all this data can be read sequentially and transmitted to a central point when the unit is instructed to do it, either by its own logic or from outside. Information can go over dial-up lines and the unit would then be equipped with an automatic dialler circuit. *The information is sent when it* is needed—such as when an alarm state is reached.

The dialler, acting on the *indication from a plant sensor,* monitoring for instance a deep-freezer or boiler installation—would go through the exchange and call a number rented for the purpose.

Safeguards are incorporated to ensure that outside calls cannot hamper the alarm communication and when the line is established, the unit will identify itself and give the information from the alarm sensors. This transmission continues till the control centre or the engineer in charge sends an acknowledgement code.

There is also an option for the controller to ring the remote station and have equipment status read over.

*Clearly this device can free* supervisory staff from a number of routine jobs and it can be applied to such tasks as rationalising maintenance, heating of factory complexes where shifts go in at different times and so on. At least one builder of complex automation equipment has shown more than a passing interest.

The same company is successfully selling a concentrator to the Belgian PTT which allows people in districts where telephone cables are overloaded nevertheless to obtain connections to the national network. With one concentrator, an overhead wire pair and a 24 channel multiplex, 150 subscribers in a new residential area or a rural area can be given telephones and, by and large, they will have less than 1 per cent. probability *of not finding a free junction* when ringing up, even at busy periods.

All switching is by reed relays and control through hard-wired CMOS logic.

Telkon operates from Lage Kaart, 142, Brasschaat, Belgium.

● METALWORKING

## Press brake controller

MARKETED AS a low ... *native to numerical ...* press brake gauges is ... operated digital read-... gauge, with turrets.

Two rotating turrets ... attached to the back ga... As the press brake re... rest, the turrets rotate ... *the next set of stop fin...* position. The twin tu... positioned by ele... powered lead screws ... carrier beam. The ti... rotated pneumatically.

An eight-fold progra... be pre-set with the devi... is available from Safe... tion Systems, Pedmo... Brierley Hill, Staffs., (0384 78625).

● ELECTRONICS

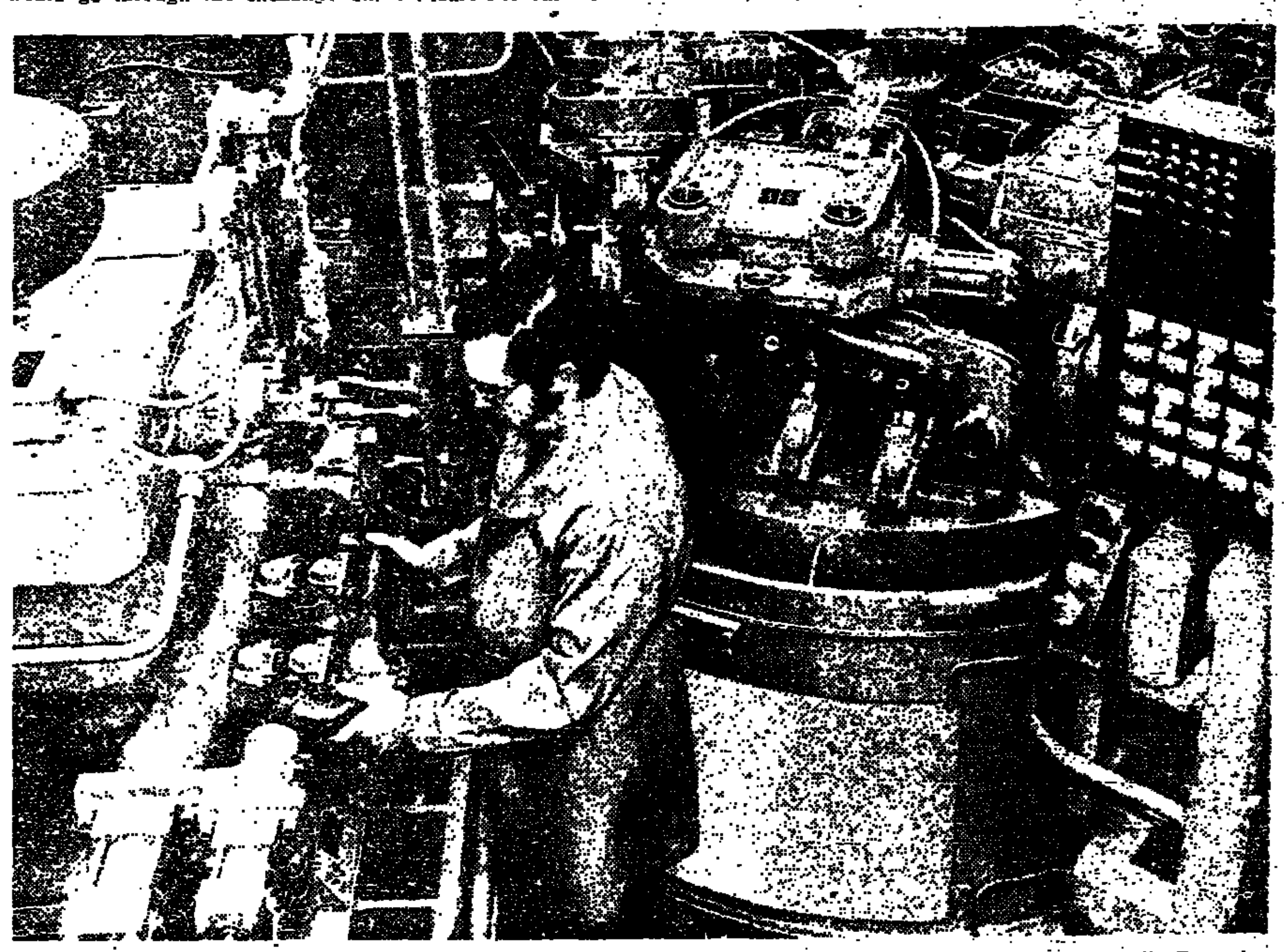
## Pan tilt and zoom by electronics

THE support of National Research Development Corporation has been obtained by Thermal Imaging of Bodmin for further development of its low-light and pyro-electric television cameras.

An interesting and useful feature is that pan, tilt and zoom *of the image is obtained electronically.* Normally in a TV camera the whole image focused on the tube faceplate is scanned *by the electron beam.* In the Thermal Imaging cameras the scanned area is reduced by lessening the deflection of the beam: the reduced area now fills the whole monitor screen and is enlarged, giving a zoom effect without bulky and expensive zoom lenses.

It is also possible to move the area of reduced scan as far as the corners of the picture tube by using two controls simulating normal "pan" and "tilt" motions. Automatic pan is also available.

It is claimed that the system allows the whole image to be examined in greater detail than the limits set by a normal 625 line TV system. Applications include aero engine, overhead power line and internal pipe inspection. More from Ennis House, Berry Towers, Bodmin, Cornwall *PL31 2EE (0208 4301).*



Under test at the Cross-Fraser works, Detroit, Michigan, this five-station dial indexing machine, with an off-machine station, takes a rough cast exhaust manifold and finish machines it. The machine is for the Flint works of Chevrolet. A single operator loads and unloads both the stationary fixture of the off-machine station, and the dial fixture of the indexing machine. Milling, drilling, counterboring, chamfering, probing and tapping operations are carried out on 136 manifolds an hour.—The single station (left) mills the joint face surfaces with a multiple spindle head—all the other machining is completed on the indexing machine. The company's U.K. associate, Cross International, Knowsley, Prescot, Merseyside L34 9EZ (051-546 2010), has installed a similar machine *costing £¼m. at Ford's Dagenham* works, and hopes to sell one to F... shortly. It is currently building ... machines to handle four cylinder ... blocks of up to 2000 cc which w... installed at Dagenham in June ... cost of over £½m. These machine... will take rough castings and pr... finished engine blocks for the ra... of smaller engines which Ford U... is to export to the U.S.

● MATERIALS

## Heavy duty linemarking paint

A QUICK drying chlorinated rubber-based paint, resistant to chemicals, oils and petrol, has been introduced as a line-marking paint for high density traffic areas.

It can be applied to roads, runways, factory floors, etc., on bitumen, or concrete, by the usual methods.

Available with white or yellow pigments, it is supplied *in 5-litre cans which provide* about 800 feet of 2 inch wide line. The paint dries in about five minutes, depending on the weather.

Details from Spraymar division, Lodge (Equipment), Trading Estate, West Molesey, Surrey. (01-979 8236.)

● CONSTRUCTION

## Inclusive building service

*TO COMBINE expertise in the* construction of warehouses and factories with skills in designing, supplying and installing storage and materials handling systems, Bovis Industrial Projects, Northolt Road, Harrow, Middx, HA2 0EE (01-422 3488) has been established as a new company by Bovis Construction.

It will specialise in all aspects of the planning, design, construction and equipping of pro*duction plant and warehouse* facilities. Its philosophy is stated to be "to design from the inside out, and to ensure continuity of control throughout all phases of a project."

Although the total project management concept is claimed to offer particular advantages to the client, the inherent flexibility of the new company's approach enables an industrialist to employ any part of the team's capability relevant to his needs.

The service is provided through a negotiated, all-inclusive fee contract. The fee is *calculated on the building and its fixed equipment* and is exposed as a percentage of the total estimated prime cost.

● TELEVISION

## New tube from Zenith

A NINETEEN-INCH colour television picture tube with in-line guns and slotted mask has been developed by Zenith Radio Corporation in conjunction with Corning Glass Works.

Overall length of the tube, which uses 100 degree deflection *and electrostatic focusing, is* about 15½ inches. Convergence and deflection are magnetic. Neck diameter is 1.146 inches (29mm.). A "new high resolution electron gun with improved electron optics" is used and improved resolution is claimed. Operating anode voltage is 30kV.

The 100 degree deflection angle and small neck gun permits the use of 90 degree deflection drive power components at *no additional costs for the con*sumer, states Zenith.

Weight has been reduced, both in the slotted mask and by using a skirtless faceplate panel which eliminates the heavy moulded glass flanges of current tubes. Total weight is 26 lb (11.8 kg.).

Zenith intends to offer the new tube for sale to colour set makers and also plans to negotiate mutually acceptable licensing agreements with other tube *manufacturers. More from 1900* North Austin Avenue, Chicago, Illinois 60639.

● LIGHTING

## Helmet lamp

DESIGNED for caving, mining and other hazardous occupations is the Transilight RC12, consisting of a lightweight lamp that can be clipped to a helmet, and a re-chargeable nickel-cadmium battery.

The non-spill 12 Ah 3.6 V battery will produce 40 lumens for 12 hours, or a switch will yield a lower light level for 24 hours. The plastic case measures 230 x *140 x 65 mm and the weight is* 2.5 kg. Price is £20 ex VAT.

For use with the lamps is a mains-operated charger which *will charge five of the helmet* lamps at the same time. Each charging position has an ammeter and the act of plugging a lamp into the charger automatically operates a vent valve which releases any excess gas from the battery. Removing the lamp re-closes the valve. The charger measures 665 x 220 x 217 mm and weighs 18 kg. More from Industrial Instruments, Stanley Road, Bromley, Kent BR2 9JF *(01 460 9861).*

● HANDLING

## More power in the arm

A NEW hydraulic circuit, the "hi-ef," for fork-lift truck attachments, which saves energy and increases operating speeds, has been developed by Cascade and is now available on hydraulic clamping attachments marketed by Cascade (U.K.). When fitted to electrically-driven trucks, clamps incorporating the new circuit operate up to three times faster than *clamps with existing circuits.*

In addition, the "hi-ef" circuit reduces by as much as 44 per cent. the amount of energy required to operate an attachment. This results in up to 16 per cent. additional battery energy for propelling the lift-truck and for operating the clamp attachment, so that most electric trucks fitted with attachments can operate for a *full eight-hour shift without re*charging or changing their batteries, thus saving valuable working time. Using existing hydraulic circuits, such trucks usually need recharging after five or six working hours, the makers assert.

The "hi-ef" circuit allows the laden and unladen condition of the clamping arms to be sensed automatically and used to actuate the appropriate hydraulic valves. This enables the arms to move very quickly until they contact the load, although they cannot at this stage exert *sufficient pressure to clamp the* load—the necessary fo... sacrificed to speed ... However, once the load pressure increases at ... pense of speed, so tha... is safely clamped by ... This ability to trave... the "no load" conditi... electrical energy.

Cascade is at 15, ... Crescent, Dore House, ... Estate, Handsworth, Sheffield 697524.

● PACKAGING

## For packaging foaming liquids

A SEMI-AUTOMATIC ... machine for handling ... and *non-foaming liq...* paint and chemical pro... been introduced by ... Quarry Road, Newhav... Sussex BN9 9DE (0791...

Air-operated, the m... stated to be capable ... bottom filling 200ml t... capacity containers to ... teed accuracy of ±0·25 ... by volume. Typical rat... ings are 35 to 40-250m... to 15 5-litre containers ... depending on product.

Features of the stain... machine are ease of cl... in-place flushing, instan... *and accuracy of volu...* pensed, splash-free filli... cut-off at end of fill, ... flame-proof areas and ... of operation by unskille...

● PRINTING

## Challenge to gravure quality

LASER ENGRAVING of flexographic printing rollers has now been developed to a stage where results can be achieved that offer a substantial challenge in quality at the lower end of the gravure printing field.

This method of engraving pre*sents two major advances in the* flexographic process—a 75 per cent. (minimum) reduction in engraving time, and because the *roller is engraved directly no* gap or joint in the printed design (as occurs with the usual stereo plate).

Now *offered as a complete* package, this second generation equipment includes the laser, rotating and traversing gear for the rollers *(on heavy rolls the* laser can be traversed), control equipment, and two methods of transferring the original to the printing surface—optical scanning of the artwork, or a copper masking system.

Co-operation between Laser Associates SA, Portland Trading Estate, Hitchin Road, Arlesey, Beds., SG15 6SG (0462 732155)—a Swiss registered company—and Waltham Rubber and Plastics, Hollands Road, Haverhill, Suffolk (0440 3001), resulted in the development of the process to package stage.

Package cost ranges from £30,000 to £45,000, depending on the roller size to be handled. The range covers any size of normal flexographic roller up to a maximum of 4 metres in length, 1 metre circumference and weighing 750 kg.

Average production time for a roller 600 mm long by 150 mm diameter is 2½ hours, irrespective of the complexity of the engraving. Because no mechanical pressure is exerted during cutting, fine lines down to 0.5 mm can be achieved, and 65 screen for tone work. Using conventional methods, engraving this size roller would average eight hours, and take very much longer if hand engraving is involved.

These advantages mean that capital investment costs, and operator costs, are both cut by a minimum of 50 per cent.

### Surface vaporised

Engraving is carried out by a 200 W carbon dioxide laser *which vaporises the roller* surface to any required depth, from 0.5 to 2 mm. An important part of the research and development was the *formulation of a* polymer which could be cut sharply, without charring or other edge damage. Rollers and stereos of this special polymer are supplied by Waltham Rubber and Plastics.

When the optical method of generating the engraving is used, two rollers with identical dimensions are involved—one is the printing roller and the other carries the artwork. Because the artwork is roller-mounted, problems of stretch and distortion are automatically compensated. Both rollers are rotated and the artwork is scanned photoelectrically producing signals to trigger the laser pulses. For small rollers, the rollers are traversed, while on large heavy rollers the scanning head and laser traverses the roller axis.

The other method involves preparation of a copper mask which corresponds to the required engraving. It is prepared by the photo-etch technique, removing copper foil *from a thin plastic film to* match the original artwork. The mask is wrapped round the printing roller. The laser beam *is reflected from the copper, but* cuts away the plastic film and underlying rubber—the mask is a "once only" method.

*Applications for rollers or* stereos prepared by the new method will be in the packaging, transfer printing of fabrics, wallpapers, and ruling and graph printing industries.

The first machine, which will be available for demonstration, will be installed at Scheuldermann BV, Apeldoorn, Holland (a subsidiary of Waltham Rubber and Plastics), in June. Both companies are in the John Meerloo Holdings group. Marketing the package will be International Graphic Materials, at the Haverhill address.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FINANCIAL TIMES SURVEY
Wednesday March 10 1976

# GERMAN BANKING

The German banks had a good year in 1975: private savings, boosted by fears of unemployment, reached unprecedented levels; interest rates fell; and credit was in plentiful supply. Few serious problems are expected this year. Higher demand for credit is likely to be offset by a lower level of public borrowing.

## A calm scenario

**By Nicholas Colchester, Bonn Correspondent**

SPEECHES of chairmen at inter Press conferences of big German companies with a litany: "1975 was ost difficult business year e post-war era." Yet the an banks did handsomely. chairmen were for the part able to present their progress reports with satisfaction, and to-day, before the final reckoning, public relations staffs are lve of the apparent ly presented by bank in 1975.

ng the big three banks—he Bank, Dresdner Bank, Commerzbank — together, results to the end of r last year showed that total loan volume had 6.2 per cent; over the ten s to DM86.6bn. Their st margin income over the period was up 14.8 per to DM3.27bn., giving an e spread of 3.8 per cent. operating pretax profit ding trading profits) had 24 per cent. to DM1.286bn. s therefore no surprise to that Dresdner Bank and erzbank plan to raise their nds.

financial conditions under these profits were made dictated by the expansive es of the Bundesbank and a unprecedented flow of e funds into savings nts. In an attempt to get altering German economy g, the Bundesbank ed the reserve ratios twice g the summer and lowered scount and Lombard rates mes to 3.5 per cent. and r cent. respectively. The German economy's financial carburettor was well and truly flooded, and if the year-end statistics showed "restrained growth in the money supply" this was due to no restraint but rather to the lack of interest of those at whom the Bundesbank's expansiveness was directed.

Bank interest rates came tumbling down. Where a company was paying 13 per cent. for current account credit at the beginning of the year, it was paying 8.85 per cent. at the end. Where the consumer was paying 13 per cent. on instalment credit at the beginning of the year (including a 2 per cent. front end loading) he could obtain it for 8.8 per cent. in December. The banks were crying out for borrowers. It is an interesting aside to German monetary policy that the Bundesbank orchestrates the credit advertising campaigns of the big banks. Late in 1974 they had been given the go-ahead to woo the general public. This they did with great vigour and to some effect: the fact that 1975 was a good year for car sales was partly due to the "never again" prices at which buyers could obtain credit.

### Consolidation

The banks found their largest and most interested customer in the public sector. Of the total new credit extended by the reporting banks to non-bank borrowers in 1975 of DM78bn., the public sector took DM45bn. or 56 per cent., where it had borrowed DM19bn. in the previous year. In the third quarter 82 per cent. of all new bank credit went into the public purse. It was a reflection of the economic recovery that set in during the autumn that this proportion dropped in the last quarter to 43 per cent.—a quarter in which new credit exceeded the total new credit of the first three quarters and which established a new quarterly record for lending to non-bank customers.

While the Government borrowed, the private sector was engaged in massive financial consolidation. For the first time since the reconstruction the German private sector actually reduced its short and medium-term bank debt over 1975, but at the same time it took out at least two and a half times more in long-term borrowing than ever before. Individuals salted away no less than DM48bn. in savings accounts, eclipsing the previous record, established in 1972, of DM19bn. The savings rate, boosted by fear of unemployment, and by the lack of an urge to spend a sharp rise in take home pay at the beginning of the year, peaked at 17 per cent. in the second quarter and then inched back down towards more normal levels.

On top of this flow of savings the banks also received a considerable amount of extra liquidity by virtue of the reductions in the Bundesbank's reserve requirements. At the beginning of 1974 Deutsche Bank, for instance, had DM6.2bn. or around 13 per cent. of its balance sheet total locked away in non-paying reserves. By the beginning of 1975 this figure had dropped to DM4.9bn., freeing DM1.3bn., and at the end of 1975 it was down to DM4bn.

Such monetary laxity provided the classic conditions for high bank profit. Yet such a profit performance, in such a year for the rest of the economy and on top of such a year for banking profits in 1974, must naturally raise the question: is competition in the German credit business all it should be? Was there not some oligopolistic friction depriving the rest of German industry of some financial incentive to invest and build up stocks and get the economy rolling again?

The first part of the answer is cyclical. "You cannot push on a piece of string," the saying goes, and it is not surprising that competition in the supply of loans tends to wither at a moment when few people want loans at any price. The bottom of the business cycle also produces two very different types of corporate customer: one is consolidating his financial position and has no demand for credit, the other can no longer hold his business together and wants lots of credit against unsatisfactory security. In short, the time of profit is also the time of banking risk.

Frankfurt bankers say that competition among banks to make loans to large corporate customers is tough. The profit, and perhaps the lack of competition, lies in bank lending to medium size companies. The managements of these companies tend to be ready to pay relatively high interest rates; if only because they like to feel on good terms with the big banks, especially when business is bad.

The second part of the answer lies in the atmosphere of caution that pervades the German banking industry at the moment. The collapse of Herstatt has faded into history but it is still recent enough to be a reminder of what happens to those who push their luck. Financial over-extension, based on big credits on the wrong terms, led the banking authorities to close down the Pfalz-Kredit Bank, a sizeable private bank, at the beginning of this year. All through 1975 more and more warnings were issued over the situation in the Euro-markets, particularly in connection with loans for ship construction and to underdeveloped countries. The fortunes of Colocotronis early this year made these warnings reality and deeply involved the Deutsche Schiffartsbank in which all of the "big three" have an equity stake.

Meanwhile Hessische Landesbank Girozentrale, one of the 12 institutions that collects and deploys the excess liquidity of Germany's big savings bank network, remained a constant reminder of the way that opportunism can lead a bank into trouble. Its disastrous involvement in real estate projects—the Sonnenring in Frankfurt, Schabylon in Munich—was the main reason for loss provisions for 1973 and 1974 of DM1.5bn. On top of this came the "Diamond Bourse" property development in Frankfurt, of which it was an important creditor, and the collapse of the Gloeggler textile group for which it was likewise a creditor. In early March the savings banks association and the state of Hesse, who are by law guarantors for the big bank, had to raise their guarantee fund from DM850m. by DM200m. to match the Landesbank's 1975 loss, whose exact extent is still undisclosed.

### Monopoly

Apart from real estate deals and foreign exchange exposures, which, with the benefit of hindsight appear foolhardy, there remains the problem that German banks are more or less expected to involve themselves in industrial affairs with more than just profit in mind. German banks own many sizeable chunks of equity in major German companies that date from days when they alone prevented those companies from going into solvency. A modern example of such a situation is Rollei, the German camera company, of which the Norddeutsche Landesbank is soon to have almost total ownership (buying 47 per cent. from the struggling Hessische Landesbank. Such equity involvements, and the managerial involvement that goes with them, have a whiff of monopoly power. Yet it is also clear that they have been acquired more with social responsibility than with profit as the aim.

There always has been something of a double standard applied in the discussion of bank competition. Banks are expected to compete but at the same time co-operate in finding a solution, say, to the Herstatt crisis or to a collapse of confidence in the tanker market. They should not conspire, unless of course it is to encourage one another to remain committed to troubled AEG-Telefunken.

The most blatant display of bank power last year was Deutsche Bank's acquisition and subsequent disposal of the 29 per cent. of Daimler-Benz that the Shah of Iran wanted to acquire from the Flick family. Yet this was also the most popular action by any bank in 1975. It was an immense stock market gamble. It paid off, and it did much to restore a picture of banking in Germany that had been tarnished by the Herstatt affair and by the desperate haggling that followed it.

Within the ranks of the commercial banks a trend towards concentration has undoubtedly

CONTINUED ON NEXT PAGE

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# Doing battle in the commercial sector

THE MOST conspicuous source competition in the West German banking industry is the rivalry that exists between the various types of banks. The universal banking system that Germany has adopted does not only mean universality in the commercial banking sector, it means that each of three main German banking systems is attempting to offer every service offered by the others. This process is visible inside West Germany in the vigorous advertising campaigns of each of the three systems. It is visible outside West Germany in the establishment of international branches by German banks some of whose functions within West Germany remain obscure to those acquainted with them.

*Bank buildings old and new in Frankfurt.*

The three banking systems in Germany are the commercial banks (which include the regional and the private banks), the savings bank/Girozentrale sector, and the cooperative bank/Zentralkasse network. These are supplemented by the German Post Office's banking activities, which are remarkable in their extent. The object of this article is briefly to describe the ways in which the savings, cooperative and postal systems are equipped to do battle with the commercial banking sector.

As the table shows the balance sheet total of the savings bank/Girozentrale system was DM567bn. at the end of last year, making it in volume terms the most formidable banking network in Germany. Each of the 690 savings banks, or Sparkassen, is owned and guaranteed by a local authority to whose area it is restricted. Altogether these banks have a total of 16,000 branches. They issue no shares and their basic capital is accumulated only through ploughed back profit. They are also statutorily forbidden to get into risky business and, in particular, are not allowed to hold shares.

Their basic business remains the deployment of German savings and here they have a market share of 54 per cent. This market share has dropped by 8 per cent. over the last decade as the commercial banks have stepped up their efforts to attract savings and as the co-operative banks have expanded, yet it still represents a massive flow of funds and explains the financial power of the Girozentrale. Meanwhile the savings banks have expanded their services increasingly into the commercial banking area, and although their traditional market leadership is in credit for house-building and for local public sector financing, they are becoming more and more sophisticated as lenders to industry.

**GERMAN BANKING BUSINESS (DM bn.)**

| | Business volume | Sight deposits | Savings | Credit to non-banks |
|---|---|---|---|---|
| All banks | 1,454 | 130 | 378 | 918 |
| *Commercial banks* | 357 | 49 | 68 | 205 |
| Girozentrale | 245 | 6 | 3 | 161 |
| Savings banks | 322 | 41 | 202 | 201 |
| Zentralkasse | 64 | 1 | 0 | 14 |
| Co-operative banks | 136 | 21 | 84 | 84 |
| Post Office | 30 | 7 | 19 | 15 |

Source: Bundesbank

## Double

A Landesbank-Girozentrale has a double function. They collect and deploy the excess liquidity of the savings banks in their area, or in times of tight money raise the liquidity needed by these banks. They are also the house banks of the governments of the federal states and are expected to provide public sector finance within each state. These banks are very big banks by any standard, matching the size of the "big three" commercial banks, and they have felt it necessary to expand international banking services for the Sparkassen, and to tap the international money market. At home they have been made more adventurous by the fact that the Sparkassen, with whom they are statutorily not allowed to compete, are moving increasingly into the traditional preserves of the Girozentrale. These new Girozentrale adventures have not always met with success—the Hessische Landesbank's enormous problems being the best reminder of this.

The third group of credit institutions to aspire to be "full service banks" are the co-operative banks—the Volksbanken and Raiffeisenbanken. The co-operative movement is well established in Germany and the banking part of it provides the largest number of banking counters of any of the German bank systems. There are 5,100 independent banks, belonging to over 7m. members, and with an additional 14,400 branches.

The system was started a century ago mainly for the benefit of craftsmen and retailers (Volksbanken) and farmers (Raiffeisenbanken) and since the 1930s has expanded as more and more wage earners have become members. Membership contribution now stands at between DM50 and DM200 and yields a "dividend" of around 6 per cent. More can be contributed on this basis, up to a variable limit (because for the bank, this is rather expensive money), but there is only one vote per person whatever his investment. These contributions form the basic capital of the banks.

According to the latest Bundesbank returns the co-operative banks now have an overall market share of about 9 per cent. with a 22 per cent. share of savings. They offer all retail banking services, including Eurocheque, though in the case of the smaller banks the advice immediately available may be somewhat rudimentary. They are, however, backed by 20 co-operative central banks, the Zentralkasse, which perform roughly the same function as the Girozentrale banks, and at the top of the pyramid by the Deutsche Genossenschaftsbank. The latter is the only bank in the system of big-bank size, and it has expanded vigorously overseas in the last few years. There is talk of the DG Bank taking in the Zentralkassen as branches. This would have cost advantages and would expand the DG Bank's German base, but the idea is not popular with the managers of the Zentralkassen.

## Competitive

This last point touches on an important competitive factor in the organisation of the three different types of banks, namely the differing flows of influence, ownership and security. Commercial banks raise capital at the top and are the guarantors of the solidity of their branches. The Herstatt affair brought changes to the deposit protection system, with the establishment of a new central fund. But nevertheless this security flows from the top, as does banking policy.

In the co-operative banking system the flow of ownership is in the opposite direction. Customers own the banks. The banks owns the Zentralkassen and the Zentralkassen own the DG Bank, although the other co-operative organisations and the State also have small holdings here. Security is provided by a guarantee fund of over DM320m. in cash which is centrally administered and is continually increased by an annual 0.05 per cent. charge on each bank's outstanding credit. There is also a loan guarantee association—providing security for any loans that are needed by a troubled member—and an elaborate centrally [...] tered system of bank [...]

The savings banks ar[...] and guaranteed by [...] authorities. Unlike oth[...] their aim is to bre[...] rather than to return [...] to shareholders or in[...] as is the case for the [...] cial and co-operative b[...] the same time, they a[...] capitalised by prin[...] standards, and this [...] why they are against [...] credit law that aims [...] large credits to equit[...] in an effort to reduce [...] risk. The Girozentr[...] backed by a combinati[...] savings banks in their [...] by the State. Both t[...] kassen and the Giro[...] have support funds t[...] liquidity if one g[...] trouble.

It is this varied p[...] ownership and resp[...] that makes for comp[...] German banking. In [...] of every service and i[...] ing of every interest [...] tends to be a type [...] which, through its stru[...] its traditional pattern[...] ness, can make the p[...] setting prices. More[...] the profit-orientated [...] commercial banks a[...] with a considerable [...] from banks which do [...] profit as their main [...] which have the backi[...] public authorities.

The final element [...] competition is the [...] offered by the Post [...] terms of saving, [...] accounts, and money [...] the Post Office is bec[...] equivalent of a ful[...] bank. Its particular [...] the money transfer [...] where it claims muc[...] speed than the banks, [...] it accounts for aroun[...] cent. of the Germa[...] traffic. Its ability to [...] money internationally [...] without bank accounts [...] why the majority o[...] transferred home by [...] foreign guest work[...] through the Post Offi[...]

The Eurocheque of [...] can now be cashed at [...] Post Office, and during [...] an increasing number [...] with Post Office curren[...] will have normal E[...] books for use in the s[...] plete with temporary [...] facility. The differenc[...] the Post Office and [...] remains that the form[...] extend credit. A larg[...] the funds raised thr[...] Office savings accoun[...] pay the full market [...] through current accou[...] to finance the Pos[...] capital investment. [...] accounts totalled D[...] the end of last year.

The Post Office's ba[...] vices probably do no[...] pace in terms of cre[...] posit terms, and of c[...] Post Office does not [...] financial advice. Yet in [...] the speed of money [...] and of the opening [...] places to cash cheq[...] Post Office is keeping [...] ing sector on its toes.


## Organization of the Sparkassen, Landesbanken/Girozentralen in the Federal Republic of Germany

**Public Savings Banks**

*The German savings banks (Sparkassen) are legally and* economically independent credit institutions. They are communal savings banks operated under public law. The business of a savings bank is directed by its managing board.

Their tasks and activities are laid down in the articles, which allow the savings banks to do all usual banking business for their customers. Transactions for their own account are subject to some limitations to secure the deposits, e.g. savings banks are not allowed to acquire securities out of their own funds.

The savings banks offer all services of a modern banking institution. Their services are available to every private individual, every business enterprise and every local authority. The following are the most important forms of business transacted: the acceptance of all types of deposits, credit business of all kinds, encouragement of the acquisition of personal property, settlement of cashless payment transactions and all other types of banking services, e.g. transfers to payees in Germany and abroad, collection of debts, bills and receipts, execution of cheque transactions and issue of cheque cards, purchase and sale of foreign currency and travellers' payment media caring for the need of customers in the field of foreign trade transactions.

At the end of 1975 there existed in Western Germany 700 savings banks head offices with more than 16,000 branches.

**Savings Banks Associations**

The savings banks of each federal state are united in regional Savings Banks Associations. The tasks of the regional Savings Banks Associations are, among other things, to represent the common interests of the savings banks: to offer information and advice to the members of the Associations in all matters of savings banking: to train staff members of the savings banks and to further their professional education: to examine the handling of business and the balance sheets of the member savings banks. At the head of the regional Savings Banks Associations is the Deutsche Sparkassen- und Giroverband in Bonn (German Savings Banks Association). It is the centralised representative of savings banks interests and corresponds to the savings banks associations on the regional level. It is the spokesman of the savings bank system in the public sphere and also to the Federal Government and parliament. Through its board and committees it influences the co-ordination of the savings banks and Landesbanken/Girozentralen, which are also its members.

**Landesbanken and Girozentralen**

The 12 Landesbanken and Girozentralen in the Federal Republic of Germany are operating under public law, like the savings banks. The business is directed by a managing board and the general management is supervised by the board of administration.

The Landesbanken and Girozentralen are the central banks of the savings banks. They act as clearing houses for the savings banks' national cashless payments. They hold the liquid reserves of the savings banks within their area of activity and effect the regional balancing of funds among the savings banks. Moreover, the Landesbanken and Girozentralen transact all customary banking business, e.g. granting short, medium and long-term loans to industry, commerce, trade and public authorities: in many cases they provide loans jointly with the local savings banks.

The Landesbanken and Girozentralen are entitled to make issues. They issue mortgage and municipal bonds. In addition to security and stock exchange dealings the services provided by the Landesbanken and Girozentralen include foreign business in all its fields. To an increasing extent the Landesbanken and Girozentralen participate in international money and capital transactions, and, in particular, in the business of international financing.

The Landesbanken and Girozentralen assist the savings banks in their foreign business, for which purpose the maintaining of relations with foreign banks is of particular importance. On the other hand, the extensive network of branches of the German savings banks organization is utilised by foreign banks through the Landesbanken and Girozentralen.

The standard DM travellers' cheques of the German savings banks organization issued by the Landesbanken and Girozentralen and the savings banks show as drawee. Deutsche Girozentralen-Deutsche Kommunalbank, Berlin and Frankfurt am Main.

**Building Societies**

Along with the savings banks and the Landesbanken/Girozentralen there is a third group constituted by the 13 public building societies. These are institutions specialized in housing finance. Contractual savers with these building societies form their own capital which benefits in Germany from State premiums or tax relief. The building societies grant loans to their customers at favourable rates of interest with which to finance the building or purchase of their own home and land.

**Deposits and basic Capital Resources**

In the Federal Republic there is a well-balanced structure of private commercial banks, co-operative banks and credit institutions operating under public law, with special and general functions. The biggest Group among the credit institutions operating under public law is that of the savings banks (Sparkassen) and of the Landesbanken/Girozentralen. Every single deposit in these institutions is fully backed by a public guarantee. The guarantor for the savings banks is the respective local administration. The deposits of the Landesbanken/Girozentralen are guaranteed by their owners, who are usually the executive of the respective Lands of the Federal Republic and the respective savings banks.

The sources upon which the savings banks draw to set up their own capital is their net profit, after deduction of tax. The Landesbanken and Girozentralen draw their basic capital resources from the allocation of their profits to reserves and from the allocation of the guarantors, i.e. of the respective State Governments and of the regional Savings Banks Associations in those Lands of the Federal Republic. While the private banks are able to set up their own capital in different ways (issuing of new shares, participations) the savings banks are prohibited by law from doing so. The basic capital resources of the Landesbanken/Girozentralen and of the savings banks are modest in comparison with that of the private banks.

But this is not detrimental to their business transactions because the guarantee provided by the cities, communities and states have a net worth function which cover the liabilities of the Landesbanken/Girozentralen and savings banks.

**DEUTSCHER SPARKASSEN- UND GIROVERBAND**
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# Calm scenario

CONTINUED FROM PREVIOUS PAGE

continued with a further fall in the number of private banks. In the last five years their number has fallen by 50 to under 130. Some have folded, others have been snapped up by the big banks in their efforts to expand into areas of West Germany in which they were only thinly represented. Both the BHF Bank and Dresdner Bank turned private banks into branches in 1975. The most prestigious deal of the year was probably the agreement of the expanding Bayerische Vereinsbank to buy exactly 50 per cent. of Gebrueder Bethman of Frankfurt. This deal was done precisely to allow the big Munich-based bank to win itself a slice of Frankfurt business and to raise its profile in that international banking centre. It remains open to conjecture whether the 228-year-old private bank will later be fully subsumed into its new shareholder.

## Decreasing

Although the number of commercial banks is thus decreasing it seems that the rise of the regional banks—the two big Bavarian banks, the Bank für Gemeinwirtschaft, the BHF bank, for instance—are in fact putting more competitive pressure on the big three, in the corporate banking sector and in the international field. The Westdeutsche Landesbank, together with other Landesbanks, are also conspicuous in their efforts overseas. At the retail level the savings banks, the people's banks and post office continue to ensure a good level of competition, as another article in this Survey describes.

After a profitable year in 1975, there are not, so far, signs that the banks face a particularly problematic atmosphere in 1976. With the economy picking up the private demand for credit will grow faster than it did in 1975, but this will be offset by a much smaller public sector borrowing requirement. On the other hand, the flood of cheap savings money will probably be reduced this year and savers will become more interest-rate conscious.

The Bundesbank has set itself a fairly restrictive limit of 8 per cent. money supply expansion in 1976. So far the expansion of the "Central Bank money stock" — the Bundesbank's chosen parameter—has remained muted, but if the economy really begins in the second half [...] year the Bundesbank [...] prompted to become r[...] once again. Against t[...] be set the very r[...] trend in inflation and t[...] of the Bundesbank no[...] courage an upward m[...] in the Deutschemark.

All in all, the scen[...] set for smaller inter[...] margins in 1976 as t[...] themselves bottom out. [...] compensating accelera[...] the growth of credit [...] operating profits should [...] this calm scenario, [...] be maintained. The [...] danger remains the [...] markets where tanker [...] estate and under-de[...] countries will continue [...] a threat until the [...] economy gets back o[...] firmer footing.


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# Foreign banks await the upturn

ER THE past ten years, West many has become something mecca for overseas bankers. n the mid-1960s a rapidly ving number of foreign s have established repre- ative offices and branching ations in the Federal ublic, all seeking a slice of business created by the nomic miracle."

-day the "Wirtschafts- der" may seem a little ished. Certainly the reces- and the lower level of strial activity has had a ked effect on foreign banks' ings, but West Germany's omy remains the strongest Europe and the Federal iblic should be among the to benefit from the very.

would be wrong to assume, ever, that foreign involve- t in the West German bank- scene is a comparatively at phenomenon. Foreign s played an important part he West German post-war ery and a number can trace operations back past the of the century.

ice the start of the 1960s, ver, there has been an- rtant change of emphasis he operations of overseas s in the Federal Republic, this has led to increasing rtance of Frankfurt as an national financial centre. instance, Hamburg, the ral Republic's largest port, formerly the focus of est for the British banks, e major role was seen as cing trade.

-day the financing of trade ll important, but the rapid nan economic growth ted other areas of oppor- y. For the British banks, foreign exchange market me an important area of ation, while at the same they sought to build up usiness of lending to prime corporate borrowers.

For U.S. banks, the initial pull was the Marshall Plan, while there were also the needs of the military to be served. Corporate lending, particularly to the multinationals, the Euro-market and the foreign exchange market are now the main areas of operation.

The increase in foreign banking operations in West Germany is also attributable to the necessary preoccupation of the German banks with post-war reconstruction. Until the mid-1960s West German banks—like West German industry—showed a marked reluctance to go abroad. The needs of the war-shattered domestic economy came first.

This created an area of unequalled opportunity for overseas bankers and the role of foreign banks in this sector remains important. West German corporations have only started operations on a large scale internationally comparatively recently, and the West German banks' overseas networks remain relatively underdeveloped.

A further factor in the rapid rise in foreign interest in the West German financial scene has been the increasing importance of overseas earnings in banking profits. This is particularly true of the British banks. Barclays International, for example, contributed 44 per cent. of group profits last year, compared with 34 per cent. in 1974.

The streets of Frankfurt, however, have not always been paved with gold. The recession, after the go-go years of the late 1960s and early 1970s, hit many foreign banks hard, while others that have set up operations during the past couple of years have seen expectations severely trimmed.

Prime corporate borrowers have reacted to the recession with heavy cuts in investment. Last year's rise in the stock market, coupled with declining rates in both the Eurobond market and the domestic bond market, made these more attractive sources of medium- and long-term finance.

The considerable excess of liquidity has created a borrowers' market which has hit the overseas banks here far harder than the domestic banks. The domestic banks, with representatives on the boards of most of West Germany's leading concerns, have been far better placed to pick up such business that is going than their competitors from overseas.

Operations in the stock market have also been a useful cushion and an important source of profits for West German banks in the past year. Many overseas banks are debarred by their articles of association from operating in the stock market and a British banker said: "We do not operate in the stock market and I know of no other overseas bank that has a direct interest in stock market operations.

"I am not aware of any regulations debarring foreign banks from operating in the stock market, but we would have to obtain specific permission to do so. It would involve a great deal of trouble and expense—for instance we would have to employ a number of experts in various fields—and for us it would not be worth the trouble. If we wanted to go into the stock market, we would have to obtain a German subsidiary."

The foreign exchange market has remained an important area of operation for overseas banks. To quote one banker, "it died the death" after the Herstatt collapse but, paradoxically, it has emerged strengthened from its purging. The "cowboy" element has largely disappeared and the market is back in the hands of the professionals.

One area of operation that failed to live up to forecasts, particularly by the smaller banks, is the property market. A number of foreign banks, notably the British, burnt their fingers in property. While the recession can be blamed for its share in depressed state of the market, the truth is that inexperience and over-confidence also played an important role in the losses that have occurred.

It is claimed in some quarters that West Germany in general, and Frankfurt in particular, is over-banked, but what international finance centre cannot claim the same? Certainly there is evidence of rate-cutting among foreign banks, with regular reports of bills being discounted ½ per cent. under the discount rate. However, with the Bundesbank and the five leading economic institutes stating that upswing is already with us, this year should be better than last.

**Guy Hawtin**
*Frankfurt Correspondent*

# The stock market

WEST GERMANY'S stock markets have fond memories of 1975. Turnover more than doubled and the Commerzbank index went up from 563.6 at the close of 1974 to around the 780 mark at the year's end.

This year the growth is not expected to be spectacular, but even so, it should be a good one for equities. The market is currently going through an understandable bout of profit-taking and the Commerzbank index has yet to break through the pyschological 800 point, but analysts believe that a wide range of shares are still considerably under-valued.

Cynics would contend that the main beneficiaries of all this activity were the West German financial institutions. The banks are major shareholders, they act as brokers, hold deposited shares and use their voting rights and administer the majority of investment funds.

German banks have a long and honourable history of involvement in the stock exchange and, unlike banks in many other countries, are not debarred by their articles of association from operating directly in the market. It is a role that is not entirely of their own choosing. It was largely thrust upon them and the West Germans can, in the main, be thankful for it.

The foundations of the really massive bank share portfolios were laid during the Weimar Republic when Germany started rebuilding its economy after the attrition of the first world war. Inflation and the recession left the banks with substantial tranches of largely valueless shares which had been lodged with them as security. They had little choice but to hold on to them and protect the investments as best they could in the hope of eventually recouping their losses.

After the second world war, the situation was much the same, and in the period of reconstruction that followed there was even greater pressure on the banks to widen their holdings. Industry needed capital, banks were just about the only major source of it and equity was virtually the only security that could be offered.

## Benefits

There are benefits in such a system both for the bankers and the industrialists. For the bankers, their shareholdings and seats on supervisory boards of their leading clients mean that they can keep a close eye on the investments and, at the same time, ensure that their most important creditors are pursuing sound commercial policies.

Industry, for its part, obtains security, and important shareholdings by the country's leading banks ensure access to finance and support in thin times when cash might otherwise be hard to come by. Bank participation might be irksome for the entrepreneur but large established companies are rarely highly entrepreneurial.

The advantages to industry are clearly illustrated by the case of AEG-Telefunken, West Germany's second largest electrical concern. AEG reported a loss for 1974 of DM684m. (about £134m.) and further losses are expected for 1975.

These losses, largely a result of the concern's operations in the nuclear power field, have required considerable help from the banks, and the presence of Herr Juergen Ponto, chief executive of the Dresdner Bank, as chairman of the AEG supervisory Board has certainly been no hindrance. Among other things, the Dresdner Bank led a consortium of banks that underwrote an AEG rights issue aimed at raising DM316m.—an issue that was largely picked up by the consortium itself.

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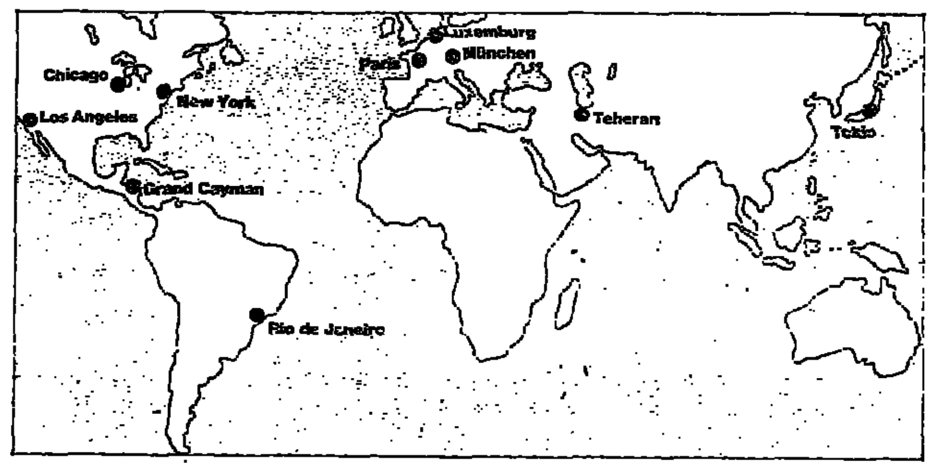


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In addition to its active domestic and international banking business, WestLB is the Central Bank of more than 200 regional universal banks (Sparkassen) with their own combined balance sheet total exceeding DM 75,000 million. These banks account for a vital part of the savings deposits in North Rhine Westphalia. WestLB also acts as trustee for the State and the Federal Government.

WestLB is empowered to issue its own bearer bonds and these, together with substantial deposits from corporations, institutional investors, Sparkassen and others, ensure wellbalanced sources of funds to allow a broad spectrum of credit business, ranging from the long-term financing of vast public and private projects to short-term bridging loans.

However, sheer size and state-backed stability are only two aspects of WestLB's inherent suitability to be your banking partner. There are other important questions you must ask yourself before making a final choice. "Has the bank the depth of experience I'll need?" "Can it meet my standards of efficiency?" "Is the bank as international as my business?"

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# Bundesbank takes a long-term view

AT THE end of December, 1975, the Bundesbank for the second year announced that it had set a target rate of growth for the money supply during the next 12 months. *The target is once* again the stock of central bank money, comprising currency in circulation and the minimum reserves maintained by banks on their domestic liabilities. The Bundesbank's council is aiming at an average increase of 8 per cent. in this variable during the current year.

*In announcing this objective,* the Bundesbank itself tacitly acknowledged that it was performing as much an act of faith as setting a course it could be certain of keeping to. Its formal statement explained: "The Deutsche Bundesbank combines the publication of this target for central bank money with the hope that those involved in the economic process, and particularly *management and the* trade unions, will endeavour to use this monetary margin as far as possible for expanding production and employment and not for raising prices and costs. It emphasises at the same time that the average annual increase in central bank money defines the scope only for monetary expansion, not, however, for the growth of individual incomes."

And immediately after the decision had been made known Dr. Otmar Emminger, the Deputy Chairman of the Bundesbank, emphasised that the main value of publicly setting the target was psychological: it "quantified an attitude."

## Importance

In West Germany, where so much has been attained in the domain of economic policy through concentration between the two sides of industry and the Government, the adoption of such an attitude on the part of the Bundesbank is of *enormous importance.* Debate over how much more stimulus ought to be provided in order to reduce unemployment, and how tightly the limits should be drawn on public sector deficit financing, remains at a high pitch. There is still a good deal of antagonism between the Left wing of the Social Democratic Party and its Free Democratic Party coalition partner, with *Herr Hans Friderichs*, the FDP Economics Minister, clearly identified with the cause of monetary prudence. The Bundesbank, although jealous of its political independence, can nonetheless be invoked as a powerful ally by Herr Friderichs in his reluctance, even in an election year, to court a resurgence of inflationary pressures by further measures to accelerate the economic recovery.

Despite these essential political dimensions to the Bundesbank's growth target for the central bank money stock, however, there is also a quietly strengthening confidence at its Frankfurt headquarters in the value of the exercise for its *own sake. The results of the 1975 experiment in monetary management* have encouraged Herr Karl Klasen, the Chairman, and his colleagues to feel that, if the central bank cannot control money supply as precisely as some monetarists would claim, it can nevertheless exert an important influence on the growth of at least some monetary aggregates in a direction which is helpful to overall economic policy.

During 1975, when the target had been set of an 8 per cent. increase in the central bank money stock in the course of the year, actual growth was about 10 per cent. The Bundesbank regards this performance as reasonably well on track, although it was exceeded as a result of a faster-than-expected increase in the level of economic activity during the last few months of 1975. This fact in itself has brought home to the Bundesbank the need to measure changes in monetary growth over periods of not less than about a year, and to resist the temptation to tune it so finely as to be able to bring about faster or slower rates in the very short-run. An object lesson here for the Germans was the experience of the U.S. last year, where the Federal Reserve had set a growth target in the 6-8 per cent. range: in the event, the rate of growth proved to have *been somewhat erratic, amount*ing to only 2.2 per cent. at an annual rate during the third quarter at a time when gross national product rose by 18 per cent.

## Average

Partly in order to make a longer view easier, the Bundesbank has this year chosen not to make its 8 per cent. target for the growth of central bank money relate to growth in the course of the year, as it did in 1975, but to make it an average increase during 1976. The bank's experts fully expect money supply to increase un*evenly, with a continued steep* increase maintained during the first few months. Clearly this rate will need to be slowed down considerably in the latter part of the year if the overall target is not to be by-passed. Some private sector bankers already appear sceptical about whether it can have any relevance if the seasonally-adjusted 16 per cent. annual rate of credit growth registered during the last quarter of 1975 holds up even during the first two quarters.

The vigorous growth of credit during the closing months of 1975 was also reflected in a 15 per cent. seasonally-adjusted rise in the broadly defined money supply (M3) between *October and December.* The central bank money stock which the Bundesbank has taken as its yardstick because its course is largely free of special influences, has tended to follow the movements of M3 quite closely in recent years. It comes as no surprise, therefore, that in a recent speech reviewing the first year's experience of the central bank money target, Dr. Emminger should have concluded that: "we now feel that in our country monetary policy has done enough to fuel the recovery. In our endeavour to hit the monetary growth target as fast as possible, we may even have overshot the mark and pumped too much liquidity into the system . . . so we have to wait and see how fast the economy will take up the slack both in productive potential and in unutilised monetary liquidity."

As this suggests, the Bundesbank is likely for the next few months to do little to alter the current posture of low interest rates and fairly plentiful liquidity. Among other factors, it will be watching the development of the velocity of circulation of money before it takes any major decisions in support of its 8 per cent. guideline. It believes that this expansion will be of the order of 9-10 per cent. in aggregate expenditure. However, Dr. Emminger also pointed out that a quantitative target did not mean that interest rates had ceased to be an important policy instrument, and he suggested that when it does consider changes necessary, the Bundesbank is likely to act with greater flexibility on interest rates than in the past.

*The other factor that must, of course, be weighed constantly* is the external situation. German experience since the move to floating exchange rates in March, 1973 has been largely favourable. The Germans have been broadly satisfied with the workings of the European "Snake"—though they are quick to point out that this has been due less to the technical nature of the system than to the willingness or ability of participating countries to adopt domestic economic policies in support of their external positions. Above all, the joint float has spared the German financial system the vast and indigestible inflows of speculative capital it had to contend with during the last years of the Bretton Woods arrangements. In little more than two years before the joint float came into effect, over $23bn. flooded into the Bundesbank through the foreign exchange markets.

Yet there is also no denying the fact that the markets still have the power to wreak havoc with the best laid plans. The German authorities could congratulate themselves after the Nice summit meeting last month that, following strong stands by Bonn and Paris, no unwarranted alteration of the Deutschemark-Franc relationship within the snake had been brought about. Yet the intervention operations needed to defend that relationship had been on a very large scale indeed. Central bankers may argue that they have been able to avoid intervening against underlying trends: that will not prevent the market from taking a different view from their own on future occasions as to what the underlying trend really is.

**Adrian Dicks**

## Stock

CONTINUED FROM PREVIOUS PAGE

It is fair to argue that the banks' role as shareholders has curbed the development of the Federal Republic's stock markets. Despite the economic miracle and the industrial boom, the number of quoted companies has diminished. The shrinkage is primarily a result of mergers, but the fact is that industry looks to the banks rather than the stock market as its main source of finance.

There has been much argument among foreign observers as to whether the massive bank involvement in the stock market works to the disadvantage of the private shareholder. They point out that German dividends have never been particularly high in relation to the cost of the share and that the banks must take a good deal of responsibility for this. *It is also argued that the* individual shareholder's voice is effectively drowned by the large voting blocks that the banks exercise.

### Earnings

Arguments on the question of earnings are hard to refute. But *the other side of the coin is that* West German concerns have not felt the same pressures for steadily increasing profit distributions as experienced by their counterparts in Britain and the U.S. and have been able to plough back profits, building sounder companies and offering shareholders greater financial security.

As to the question of the power of the individual shareholder, West Germans point out that the small shareholder has never been noted for raising his voice in either Britain or the U.S. At the same time small shareholders in West Germany have recently been taking a close interest in the affairs of their companies—as the length of the annual meetings of some leading West German concerns last year amply illustrated.

All in all, it is hard to resist the conclusion that the West German stock markets are administered markets, albeit in a pretty informal fashion. It is still possible for a private operator, with substantial funds to make a killing—or a heavy loss. Shareholding is not widespread, although a large number of German participate on a secondary level, holding shares in the banks and participating in investment trusts. But, then, the small shareholder is an increasingly rare species even in Britain and probably, his last bastion is the U.S.

**G. H.**


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PARLIAMENT

## Chancellor assures Left he will not lose sight of Socialist priorities

# More cuts if economy fails to respond, Healey warns

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

MR. DENIS HEALEY, Chancellor of the Exchequer, last night warned the Commons that if the economic situation failed to make the improvement he anticipates, then "we shall have to cut public expenditure programmes further, rather than increase them."

It was a warning that Mr. Healey addressed particularly to his Left-wing backbenchers, who have accused him of betraying the Labour party's manifesto by his insistence on the need to trim public spending.

The Left wingers, reduced to bitter barracking, repeatedly interrupted the Chancellor's defence of his policy during the first of two days of debate on the recent White Paper on public expenditure.

But Mr. Healey rode their disapproval with persuasive assertions that he had no intention of losing sight of the Socialist priorities they urged. To prove it he devoted the rest of his speech to swiping the Tory attitude to the economic situation, contending that the Opposition had failed to say how it would deal with the problems.

It was a performance which Sir Geoffrey Howe, shadow Chancellor, condemned as a display of "aggressive complacency" and blustering misrepresentation of his political opponents.

The target for public expenditure cuts that the Tories would like to see, Sir Geoffrey put at £4bn.—against the Government figure of £3bn.—but he did not outline a time-scale for such a programme.

Mr. Healey said the sort of expenditure envisaged a year ago would today require about an 8p increase in the basic rate of income tax. It would be impossible to achieve the necessary wage moderation if men and women were losing 50 pence in every extra pound earned, to tax and national insurance.

He added that if Britain was to reduce unemployment to 700,000 by 1979 — and nothing less ambitious should be the objective — gross domestic product must grow at an average rate of 5½ per cent. over three years until then and manufacturing output must grow 8½ per cent. over the same period. We must seek to achieve what our main competitors, France, Germany and Japan, had already achieved.

Steps to ensure that planned spending limits would not be exceeded had already proved their worth in the exceptionally low rate increases planned by so many councils this year. "The Government is planning to institute much more effective limiting of expenditure."

Mr. Healey said that it had been unanimously accepted at the last Labour Party conference that room should be made for a substantial shift of resources into manufacturing industry. "I believe this view is also the view of the great majority of the trade union movement."

Defending the Government against the charge levelled by Labour Left-wingers that it had abandoned the principle of using public spending to correct social inequalities, Mr. Healey said he understood their concern, but added, "of course we have not abandoned that principle.

"The Government has done all that could be done to preserve the priorities to which it committed itself in the last general election." Fair warning had been given in the manifesto that it might be necessary to revise programmes.

... Mr. Eric Heffer (Lab. Walton) intervening, said he thought that the programmes in the manifesto had already been costed, and asked: "Why are we going back on it."

Mr. Healey replied that how the Government was able to carry out its commitments depended on what happened to the world economy and our own economy.

He added that previous Governments, faced with the problem, had simply made equal percentage cuts in all programmes. But the present Government had agreed at Chequers that the regeneration of British industry should be its first priority.

This had been endorsed unanimously by the Labour Party conference. Programmes for jobs, industry and trade had been increased by nearly £500m.

Mr. Healey said that "for a group of ex-Ministers, with their record, to lecture the present Government about the control and spending of public expenditure requires either a total collapse of memory or an impudence which beggars description."

He added that the Opposition Bow Group would cut defence expenditure by £400m. by transferring "certain functions" to private industry. There were howls of laughter by Labour MPs when the Chancellor said: "I suppose Britain's contribution to NATO would be provided by Securicor."

Of his own policy, Mr. Healey declared: "We have laid the basis for the regeneration of our manufacturing industry and created the conditions on which our social programmes will be enabled to resume their advance."

# Howe says White Paper is totally inadequate

SIR GEOFFREY HOWE, shadow Chancellor, said that the pound had fallen in value by 16 per cent. since Mr. Healey had come into office but to-day "we have seen repudiation of his repeated failure to accept any responsibility for Britain's present economic position."

The time was past when Mr. Healey could keep looking back to the action of the previous government to provide an alibi for his present failures. It was time he was man enough to accept his own responsibility.

Sir Geoffrey said that Mr. Healey was placing the freedom of the people of Britain in real danger. "You cannot push public expenditure significantly above 60 per cent. and maintain the values of a plural society, with adequate freedom of choice." The Home Secretary (Mr. Roy Jenkins) had said so the other day.

"We all agree with that. We put the figure far below 60 per cent. The case for continuing high-spending Socialism has been destroyed."

The Government was spending £6½bn. more this year than the Conservatives had planned to spend but there had been nothing like a comparable improvement in the standard of our public services.

Sir Geoffrey congratulated Mr. Healey "for having understood and accepted so much of the analysis we have offered you. Unfortunately, your conversion is only skin deep." Mr. Healey, he claimed, was prevented by Left-wing Labour MPs' "harrying and heckling," from following through his insight.

## Widows

Sir Geoffrey said that Mr. Healey knew that he should have made expenditure cuts last year to allow room for industrial expansion. "Failure to do that has resulted in still more jobs being destroyed. The White Paper is a totally inadequate response to the situation."

The Chancellor was still steering Britain in a direction which meant that we had to rely unduly on borrowing, running the risk of having to accept political and economic conditions being imposed on us by others.

"The tragic thing is that the Chancellor is leaving virtually no room for the shift towards profitable investment which the White Paper regards as necessary."

The lion's share of the so-called "Programme for Industry" was going to lame ducks, and almost nothing was going to the expansion of investments for profitable industry. The most disturbing feature of the White Paper was the possibility that the tax burden would increase still further.

Sir Geoffrey said the Chancellor had admitted that if the White Paper forecasts were fulfilled the tax burden would still increase but by a manageable amount. "Manageable for whom? Does he really believe the increases are manageable for widows and others struggling in the poverty trap or people living on investment income?

"The White Paper represents a less than adequate response to the problems of this country."

The Government should make it clear that people would have to face more hardship before the country was put back on the road. "Some immediate falls in living standards are inescapable if far worse reductions in the future are not to be avoided."

But Sir Geoffrey sad that still higher taxes were not the answer. People should pay for the services they enjoyed. In particular, he called for a move away from price controls.

The Chancellor should also move quickly to cut the burden of subsidies, especially on housing, and cut overmanning in the Civil Service and public sector firms. "The Government really should abandon the sacred cows of Socialism that are still stalking through the industrial towns and cities of this country, still destroying jobs."

After both Mr. Healey and Mr. Enoch Powell (UUU Down S) challenged him about the size of Tory public spending cuts, Sir Geoffrey attacked the Government's nationalisation plans and added: "I have indicated the scale of overspending which has been embarked upon by this Government, now running at £6.3bn. this year over what was projected by the last Barber projection.

"I have indicated precisely the areas in which, and programmes for which, reductions would be made. I have answered the question explicitly."

"Britain's desperate situation is a result of the policies followed by the Government. The policies foreshadowed in this White Paper are only more of the same."

## DEFENCE SPENDING

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

**Further details of where the Government's spending axe is to fall on the Armed Forces and the defence industries will be given in the annual Defence White Paper to be published on March 17.**

**The Government has already announced that, in addition to cuts of £136m. planned for 1976-77, there will be cuts totalling another £534m. over the three years from 1977-78 to 1979-80, involving the loss of up to 10,000 jobs.**

**Mr. Roy Mason, Secretary for Defence, has already said that these cuts will fall on the administrative "tail" of the forces and on part of the defence industries, leaving the "teeth" end of the defence effort, including commitments to Nato, largely untouched.**

**The White Paper is expected to outline, therefore, precisley which organisations, including research and other defence establishments will be affected, and when.**

# Left MP wants fairer taxation

Labour left-winger, Mr. Brian Sedgemore, described the public expenditure blueprint as "a rag-bag of forecasts, hypotheses and works back from the results the Government hopes to obtain." No credence could be attached to the figures it gave.

Mr. Sedgemore said the Treasury now admitted that since Labour took office the colossal sum of £7.6bn. had been handed back to companies in the form of tax allowances. Even one third of this could have been used better in terms of creating investment, jobs and output and in avoiding public expenditure cuts.

"Is it now the crime of crimes for the Labour Party to say to the public that we can give you more schools, more hospitals, but it may mean there has to be some increase in taxation?" he asked.

The corporate sector might be asked to pay a fairer share. In addition, there could be new taxes on wealth, withdrawal of tax relief for the better off, and tightening up on tax avoidance.

"It may involve us in the future, as a political party saying to the public that the man on average earnings has to pay more taxes, whether through increases in tax on alcohol or tobacco, or even in direct taxation.

"If that has become a crime, then the nature of political parties in this country is changing, and it is changing too fast and for the worse."

Mr. Sedgemore warned that he and some fellow Labour MPs would have "to look hard" at the way they voted.

Mr. Nigel Lawson (C. Blaby) claimed that by the end of the year, under the present Government, the National Debt would probably double. "In three years, the Government will have added to the National Debt as much as it took previous administrations to add in 300 years."

Mr. Lawson added: "The White Paper is a fraud, rather like its author. But I am afraid this afternoon shows he is as capable of rising to a situation as is—alas—the pound sterling."

# Tories plan attack over NUJ case

BY JOHN HUNT

THE CONSERVATIVES intend to launch a fierce attack on the Government over the controversy involving the Barnsley branch of the National Union of Journalists when the Trade Union and Labour Relations (Amendment) Bill returns to the Commons.

The legislation, which contains Lord Houghton's voluntary charter on Press freedom, was given a formal third reading in the Lords yesterday without debate or division.

It is expected to come back to the Commons next week, finally returning to the Lords the following week, and becoming law soon after.

The Commons will debate and vote on the new conscience clause, which was drawn up by Lord Hailsham and inserted into the Bill in the Lords against the wishes of the Government. It is anticipated that the Government will have no difficulty throwing out this clause in the Commons, and Lord Hailsham has already said he will not insist on it when the Bill returns to the Upper House.

The clause allows a worker to claim compensation from his employer when he loses his job for refusing to belong to a union on grounds of "sincerely held personal conscientious convictions."

When this clause is debated in the Commons, Mr. James Prior, shadow Employment Secretary, will seize the opportunity to attack Mr. Michael Foot, the Employment Secretary over the Barnsley case. This will put the Secretary of State in a difficult position, for Mr. Prior has already written to him complaining that the Barnsley branch of the NUJ is encouraging various information sources to give news only to TUC-affiliated members.

On January 21, Mr. Foot said in the House that if the NUJ used its monopoly power to deny access to the Press by outside contributors or other people, then the Commons would have to take action to ensure that the "scandal" did not continue.

The Conservatives will argue that the Barnsley case is clear evidence that this type of situation is arising already and they will demand to know what action Mr. Foot proposes to take.

The Secretary of State has not yet replied to Mr. Prior's letter, but he said in a speech on Monday that the proposed voluntary charter could deal with such issues as the attempt to "black" the four Barnsley journalists.

# Tory claims Soviets gain technology 'on the cheap'

THE WEST is supplying its technology to Russia on the cheap at subsidised rates, Mr. Christopher Tugendhat, Opposition foreign affairs spokesman, claimed in the Commons yesterday.

Mr. Harold Wilson, Prime Minister, had earlier told MPs that Mr. Brezhnev, Mr. Kosygin and Mr. Gromyko, had all accepted in principle, invitations to visit Britain. Dates had still to be confirmed but it was hoped to announce shortly the timing of Mr. Gromyko's visit.

Mr. Tugendhat argued that one of the West's greatest assets in dealing with the Soviet Union was that we were so much more technologically advanced.

After claiming that we were providing technology on the cheap, he added: "This is not compatible with the Russian attitude towards detente."

Mr. Wilson replied that trade consisted of exchanges of technology, and if Mr. Tugendhat wished to opt out of that trade on the grounds of his philosophy, it would simply mean fewer chances for Britain.

Mr. James Lamond (Lab., Oldham E.) said that an increase in trade "would be much more constructive for peace than the belligerent speeches we have heard from Mrs. Thatcher and her friends on the Opposition benches."

Mr. Wilson said he had nothing to say about certain speeches. "But it has been the policy of successive Governments to try to build up trade with the Soviet Union ever since the war. I believe we are now beginning to see the results of the agreement made a year ago, and there are very big contracts under discussion."

Mr. Eric Heffer (Lab., Walton) urged the Prime Minister to point out when he met the Soviet leaders that democratic Socialists were opposed to the idea of dissidents being put in prison. They were also against Jews not being allowed to leave the Soviet Union.

"People who have sympathy with the Socialist economy of Russia have no sympathy with the political bureaucracy which exists at the present time," he added.

Mr. Wilson agreed, and said he had made these points many times to the Soviet leaders.

Replying to Mr. Peter Tapsell (C., Horncastle), Mr. Wilson said: "We shall lose no opportunity of making clear to the Soviet Union our views about outside interference in southern Africa.

# Gromyko to hear Angola views

BRITAIN'S views on Russian involvement in Angola are to be made known to the Soviet Government before and during Mr. Gromyko's coming visit, the Prime Minister said in the Commons yesterday.

He had been urged to raise in the UN Security Council the question of Russian and Cuban aggression in Angola.

Mr. Wilson agreed that competing imperialism between Russia and China was a big problem which had serious effects in Africa. But he told MPs "If and when we believe the right approach is by raising it in the UN, or helping others to do this, we shall certainly do so. We do not believe that moment is now."

Mr. Malcolm Rifkind (C., Pentlands) said that Britain should use all available diplomatic means of putting the Soviet Union "in the dock," since they were "the most blatant imperialists in Africa since, and including, Cecil Rhodes."

# ...Observers refusal by Iceland regretted

... WILLIAM RODGERS, ...nister of State for Defence, ...d in the Commons yesterday ...t he was very sorry that Ice...d had turned down the British ...gestion that Nato observers ...uld sail with Icelandic gun...ts policing the disputed fish... grounds.

...Ir. James Johnson (Lab., Hull ...) said it was a little sad that ... Iceland Government should ... come on board their vessels ...tish correspondents, but ...ld not allow Nato observers. ...se were people who would ... an objective and neutral ...essment of the actions.

...pposition defence spokesman, ... Cranley Onslow urged the ...ernment to arrange for MPs ...both main parties to sail with ... Navy ships in the area, so ... they could correct the mis...ance the media had created.

...Ir. Ivan Lawrence (C., ...ton) said it was the height ... absurdity, in view of the ...bable Law of the Sea confer...e decision to sanction 200-...e limits, for the Government ... continue with this charade" ...ich placed at risk the Nato ...es on Iceland.

...Ir. Rogers said Mr. Lawrence ...k a very narrow view of the ...blem. The Government had ...n right to support the fishing ...ustry. "We would like to have ... peaceful solution. We could ...e one tomorrow if the Ice...dic Government were again ...pared to sit round a table and ... a compromise."

# ...MP's pay plan for councillors

...BILL to scrap attendance ...owances for local councillors ...d introduce a new scheme of ...rborough) said that the ...norarium was given a formal ...st reading in the Commons ...sterday.

...Its sponsor, Mr. John Farr (C., ...norarium would be paid ...nually, tax free, at the rate of ... per 100 electors. There would ... a minimum payment of £50 ...ear and a maximum payment ...£300.

...he Bill would also aim to ...over loss of earnings for ...ple who were as badly ...ded as local councillors as ... person at the top of his earn...ability. At the moment, this ...e of person tended to hold ...k from council work.

...Ir. Farr claimed that the 1972 ...al Government Act under ...ch councillors' allowances ...e paid was deficient. His ...sure would save about £5m. ...ublic money every year in ...land and Wales.

# ...rown pressed ...n airport ...ortar attack

...URITY FORCES were ...ered in the recent mortar ...k on Aldergrove airport in ...hern Ireland by anonymous ...ings of bombs elsewhere in ...irport precincts, Mr. Robert ...n, Defence Under-Secretary ... the Army said in the ...nons yesterday.

... was answering Mr. Michael ...ir-Wilson (C., Newbury), ... had asked why the IRA ... able to bring vehicles so ... to the airport and what ...l steps were being taken to ...e that such an attack could ...appen again.

... John Biggs-Davison (C., ...g Forest) challenged Mr. ...n to refute "the damaging ...ition from Democratic ...ist Party sources that there ... a lengthy warning of the ...r attack on Aldergrove air...".

... Brown retorted: "We have ...aware for some time of a ...al threat but knew of no ...ic threat that would have ...nted the closing of the ...t."

# ...rench nuclear ...k dismissed

...E IS no possibility of a ...r alliance between Britain ... France, Mr. Roy Mason, ...ce Secretary, said in the ...ons yesterday. "If over... were made to me, I would ... very cool response," he ...ed.

...lying to Mr. Cyril Towns... Bexleyheath), Mr. Mason ...iat as the French were not ...ers of the military struc... of Nato, we could not ...er any nuclear alliance ...hem on that basis.

# ...nrho report ...der study

...stin Long

...REPORT on the affairs of ...) is now being considered ...r. Peter Shore, Trade ...ary. Mr. Shore said in a ... Parliamentary answer ...lay that the inspectors ...ted under the Companies ... make the investigation, ...mitted their report on ...1.


# NEW NATIONAL INSURANCE CONTRIBUTIONS FROM 6 APRIL 1976: HOW THEY AFFECT YOU.

National insurance pensions and other benefits were increased in November and contributions are being increased from 6 April for employers, employees, the self-employed and people who pay voluntary contributions. The main contribution changes are summarised below but leaflet NI 208/Apl 76, obtainable from Post Offices and Social Security offices, gives full details.

**CLASS 1 CONTRIBUTIONS** The standard-rate contribution will be increased by ¼% for both employer and employee. Contributions will be payable by employers at the following percentages for employees earning £13 a week or more on all their earnings up to a new limit of £95 a week.

| | EMPLOYER | EMPLOYEE | TOTAL |
|---|---|---|---|
| Standard rate for men and women | 8.75% | 5.75% | 14.5% |
| Reduced rate for some married women and widows | 8.75% | 2.0% (unchanged) | 10.75% |
| Retired person's rate | 8.75% | Nil | 8.75% |

**THE LOWER EARNINGS LIMIT** below which no Class 1 contributions are payable by employer or employee, is being raised to £13 a week.

**NEW CONTRIBUTION TABLES** are being issued direct to employers and further copies can be obtained from Social Security offices. The tables in leaflet NP15 must not be used for earnings paid on or after 6 April.

**CLASS 2 & CLASS 4 CONTRIBUTIONS FOR THE SELF-EMPLOYED**

**CLASS 2 (FLAT-RATE) CONTRIBUTIONS** for men remain unchanged at £2.41 a week. Women's contributions will be increased by 10p to £2.20 a week from the week commencing 11 April as a further stage in the process of raising them to the same level as men's contributions.

**IF YOU EXPECT TO EARN LESS THAN £775** from self-employment in the 1976/77 tax year you can apply for exception from liability to pay Class 2 contributions. This is £100 more than the limit for 1975/76.

**CLASS 4 (EARNINGS-RELATED) CONTRIBUTIONS** will continue to be 8% of profits or gains over £1,600 a year but the upper limit for assessment will be raised from £3,600 to £4,900 a year (approximating to the new Class 1 limit of £95 a week) for the 1976/77 tax year.

**VOLUNTARY CLASS 3 CONTRIBUTIONS** The flat-rate contribution will be raised by 20p to £2.10 a week from 6th April.

Issued by the Department of Health & Social Security

# Cranfield School of Management reports...

## Keeping up the good work with business

CRANFIELD's involvement with industrial and commercial activity in Britain and abroad continues to prosper. The past year has seen a further increase in consultancy, contract research and in-company management training for companies across a wide spectrum of products and services, as well as for public, national and international government agencies.

The sponsors of the Cranfield Marketing Communications Research Centre have renewed their sponsorship for a further three years. New sponsors include ICI Pharmaceuticals, Reed International, Cadbury Confectionery and the Department of the Environment (TRRL).

Cranfield have been retained by the Engineering Industry Training Board to research client needs, and design and present a series of modular courses for managers and senior executives over the next two or three years. These managers will be concerned with North Sea oil transport, processing, and storage facilities in various parts of the UK particularly North-east England and Scotland, also with steel processing plants. Examples are the £1,000m Phillips Petroleum site at Seal Sands processing oil from the Norwegian Ekofisk field, and the £250m British Steel Corporation site at Redcar.

The Cranfield Marketing and Logistics Research Centre is conducting a study for the Meat and Livestock Commission on the size and location of abattoirs in the UK.

A short course on Salary Policy for salary administrators and personnel specialists, to be run in October, has aroused great interest in view of the current government pay restraints.

New short courses in marketing to be offered over the next year are "Introduction to Marketing", "Managing Advertising Effectively" and a Marketing Directors' Workshop.

The Marketing Development Centre at Cranfield has made further progress with the UNCTAD/GATT ITC project preparing training material for export marketing training in developing countries. Cranfield staff have been involved in the field testing of teaching material in Sri Lanka, India and Indonesia.

The CEGB Generation and Construction Division has funded a one-year research investigation at Cranfield into the information needs of project managers.

The 1976 Annual Conference of the Association of Teachers of Management takes place at Cranfield from Wednesday, April 7—Friday, April 9. The theme is "Making Management Education Pay Off—The Record and the Challenge". It will bring together managers and management trainers from industry, business schools, universities, polytechnics and elsewhere to appraise the actual and potential contribution of management education to organisational effectiveness. Twenty recent real life cases will be examined, drawn from industry, commerce and public service. These will interest anyone concerned with the cost-effectiveness of management development activities in a period of scarce resources.

Work is now finished at Cranfield on a programme manual for courses sponsored by the United Nations Industrial Development Operation. It is expected to become a working handbook for directors of future UNIDO training programmes throughout the world.

Cranfield has been associated with, and work almost completed on, the compilation of a safety code in the field of materials-handling vehicles, one of the projects of the International Standards Organisation. By the end of this year the code should be available as an international reference work.

Press comment on the Entrepreneurship and New Ventures course, a specialist option on the Cranfield MBA Programme, has resulted in many offers of financial help for student projects from interested industrialists.

A new style industrial relations course is being developed for inclusion in the MBA Programme. It has unique characteristics in the way it approaches the problems of identifying and resolving industrial conflict and links industrial relations management to organisation development activities. A Senior Executive Workshop on the subject is planned for June.

Two studies of the evolution of concentration in the UK paper and textile industries have recently been completed at Cranfield for the Directorate General for Competition of the Commission of the European Communities.

New sponsors for the Cranfield research project in Distribution Costing include Berger Paints, Raleigh Industries and Reckitt & Colman.

## Adding value in the MBA programme

THERE is quite a difference between teaching ten-year-olds and teaching thirty-year-olds. Two of the important differences are used to benefit the Cranfield twelve-month MBA course, on which the average age of students this year is thirty.

The first difference is that we expect all students to contribute to discussions on the basis of their own experience in industry (at least four years' working experience is a requirement for admission). Such constant participation by all students not only makes the programme much more interesting than just being "talked at". It also provides a far wider range of experience than any faculty group could hope to possess. Moreover it enables us to place emphasis not merely on theory, or on analysis of problems, but on *persuading* others that a proposed course of action makes sense.

The second difference is the amount of *choice* MBA students are able to make, in order to gain the maximum benefit from their twelve months with us. Last year, *for the first time, we developed a* system of half-courses to widen the range of options. This benefits both students and teachers; and *enables us largely to avoid filling* up precious hours with material and subject-matter that is not of great interest to students.

*We try to avoid what has been* called "production-orientation". Instead we welcome the pressure that would be expected from a group of intelligent, highly-motivated people with business experience, who have invested a *year in the hope of developing* their own capabilities to perform well in business.

We continue to offer a wide range of courses in the second half of the programme, which explore various aspects of business management in more depth than is possible in the compulsory general management courses of the first six months. But we expect each course to be demanded by a sufficient number of students. *That is a valuable form of "market" discipline for us.*

Last year, courses in the Finance and Accounting area were again most in demand, followed by International Business courses, Marketing and Logistics, Operating Management, and Personnel Management. Of course the pattern of demand is partly affected by what is included in the compulsory work of the first six months.

We continue throughout the programme to emphasise the inter-connections between different areas of business (for in*stance between psychology and* accounting in management of budgets, and between marketing and economics in pricing policy). *In the compulsory part of the* programme we build on the "basic disciplines" of economics, quantitative analysis, and human behaviour, with courses in the functional areas of business (accounting and finance, marketing, oper*ations, management*, personnel management and industrial relations).

This year we have developed a course on the Business Environment, as part of the background which has become increasingly important in business over recent years. In particular we explore the legal and political background to business decisions and trends, and we examine, in the light of the ever-increasing involvement of *government in industry*, the whole relationship between business, government and society. This new course, which is featured early in the programme, gives students an opportunity to formulate their own conceptual framework of the social responsibilities of business, which is essentially and inevitably a personal decision we all have to make at some time in our careers.

Last year, under the arrangement made between the Cranfield School of Management and the University of Washington, three *Cranfield* MBA students spent *the third term* at the Graduate School of Business Administration in Seattle, where they took classes corresponding to those *they would otherwise have taken* at Cranfield. These classes were graded as at Cranfield and credits *given for them. Gratifyingly*, the three students finished among the class leaders. Three students from the University of Washington came to Cranfield for the same period, and this interesting venture is being repeated this year.

It is perhaps this innovative aspect of the Cranfield MBA programme which has made it so consistently successful over the years and the model for other business schools to follow. Just as the stimuli and constraints which fashion the policies of business organisations are constantly changing, so must management education be sensitive to the need for new ideas and methods which will reflect this change. There is no doubt that a student coming to Cranfield at a time of economic recession has different expectations (perhaps even a different reason for coming) from those of one arriving at a moment of industrial boom. We believe that we are alert to such differences and that we are able to satisfy the expectations.

Finally, the value of the MBA programme is *largely* dependent on the quality of the students. It is always tempting to compromise standards in favour of numbers. Fortunately, however, we have so far resisted this temptation, and we can do so in the future.

PhDs FOR INDUSTRY

## Relevant Doctoral Studies

"DOCTORAL STUDIES are largely irrelevant to the needs of business. Students study limited topics in great depth but rarely make use of the results in their later careers. When PhD students become involved in sponsored research the requirements of the PhD frequently override the intention of the sponsor, leading to *dissatisfaction by both parties*." Such criticism is frequently heard and, from a business point of view, may well be considered justified. This is not the place to argue the merits of intellectual excellence for its own sake, although it would be a sad day if this ceases to be a feature of university education. The Cranfield PhD programme is designed specifically to be relevant to the needs of industry, with due regard to the requirement *for excellence from the student*. We think we have something special to offer and after reading this you may agree.

Students undertaking PhD studies at Cranfield come from a number of sources; some are members of the teaching faculty who seek to advance their knowledge in their subject area, some are sponsored by industry on specific terms, but the majority are undertaking a three-year course of study on a grant which typically is funded by one of the research councils. Our target population of PhD students in the last category is twenty: given a mix of two- and three-year students, we expect about seven new entrants every year. Of course the PhD pro*gramme fits into a broader re*search programme which is being undertaken at the School because we feel it extremely important that the PhD programme should be one ingredient in a balanced pattern of activities in a management school.

Who are the students? Possession of an appropriate university degree or acceptable qualification is essential. We have a preference for people with real experience of the business situation and the average age of our present student group is just over thirty. We do take a very limited number of exceptionally well qualified candidates direct from appropriate degree course insist that all students management school' requ background knowledge of concepts basic to an under ing of the management t selection of MBA courses scribed where necessary t vide the background, but of 20 per cent of the availab ensures that these do not d candidates from their ma tern of studies. It follow students without suitable ground by study or by prec excluded from entry.

The initial selection of st is by the teaching grou Accounting or Oper Management) in which th didates interests appear Approval is then require the Doctoral Curriculum mittee which ensures th study is rooted in an appr academic discipline (or lines), and that the can have a clear view of their research and a reasonable of completion. The pre programme of studies forms the key document f procedures. It is joint mitted by the supervis student and it outlines the study and gives an indica the methodology to be u The PPS would form a basis for agreement of ob if sponsored research wer involved.

The progress of students under review, especially a months when a presentat made to the Doctoral Curr Committee. If this is satis the student is left to purs studies to completion un supervisor.

All the recent and curr search topics are closely re current problems in some management activity. S them are exciting althou very early stage of develo If you are interested in more about our activitie potential student, as a use products on our PhD progr or as a potential sponsor search via a PhD student contact Professor Pat Lo rector, Doctoral Studies.

## Business systems and management

IN 1953 the Cranfield Work Study School was founded to train work study officers to improve productivity in British industry. The range of courses has been extended to cover the whole of management services and, subject to continual modification, to meet the changing needs of customers. Extension of activities beyond the scope of work study led to a change of name to the Management Services Centre. Since 1953 this integral part of the School of Management has trained more than 10,000 short course students for in excess of 40,000 student weeks. Almost all short *course students are sponsored by* employers and it follows that there is now an extensive list of customers. This massive teaching experience is surely impressive by any standards, but it is the use that is to be made of it in the future that really matters.

*Comprehensive computer facilities help in the analysis and design of business systems.*

The term Management Services needs definition. Work study activities in the factory and the office are, in the main, concerned with logically based systems. Quantitative analysis is concerned with systems which are quantitatively based (which does not mean that they are illogical!). Commercial data processing is the third element covering all aspects of the use of computers in commercial, as opposed to scientific, applications. These three elements comprise the basis of teaching on the three main Cranfield teaching programmes (the MBA, *General Management*, and Management Services).

As business becomes more complex and subject to external pressures the *emphasis* moves to consideration of business systems rather than individual solution techniques. Here is the clue to the title "Business Systems" rather than "Management Services" or "Management Science". A common, and often justified, criticism of management services practitioners is that they lack a real sympathy for the problems of the line managers they try to help.

Combining the systems approach with the requirement for empathy dictates a need for a man to function as an internal con*sultant. Some organisations al*ready use them. What better way to train them than by use of the Cranfield MBA Programme with *a specialisation in the business* systems area?

By sponsoring suitable candidates an organisation can equip *itself to revitalise the systems* which underpin the contributions of line managers. The suggestion is not speculation; a number of management services specialists have already undertaken the course and acquired an MBA in the last few years. However, the range of business systems courses available to cater for this new need is being extended.

Examples of management services projects which are late, overrun costs, or fail to perform to specification are legion, especially in the computer field. Even the *most skilled practitioner can get* into difficulties without a properly constructed control system. New courses in this area are *planned for 1977, which will en*able the Management Services Centre to offer an even more comprehensive range of assistance to organisations.

Management increasingly, and rightly, demands results. To be sure it gets them an appropriate understanding of the activities of the specialists is appropriate. Some very successful courses are already run in, for example, Statistics in Management, O & M for Management, and Improving Operating Performance. The courses aim at something deeper than most "appreciation courses"; they seek to create an ability to understand the role of specialists in business systems so that they may be deployed effectively.

The move into the new School of Management building will provide the basis for an expansion of activities for which plans are already well in hand up to 1978. The three themes outlined (training of internal consultants, improving project management within management services, and extension of the range of courses for managers) indicate the main areas of intended growth. Cranfield intends to serve the changing needs of management in the future as effectively as it has done in the past.

—Professor Pat Losty,
Professor of Business Systems

*(Pat Losty was appointed to the Chair of Business Systems last April with academic responsibility for the Management Services Centre. He has been at Cranfield since 1963, apart from a period at the London School of Economics as Fellow in Management Studies. Previously he was with (then) International Computers and Tabulators Ltd, which he joined from Rhodesia Railways. His activities have included widespread consultancy appointments, and he is the author of a book and many papers on computers and information systems.)*

## Short cours still buoyan and movin into Europ

IT IS encouraging that t ber of managers particip Cranfield short courses mained steady despite the recession. As in the past, have been adapted to m changing market. Thus t eral shift has continue from traditional techniq grammes which were at o the hallmark of Cranfield managerial subjects; for e in the accounting, market personnel areas.

Short course policy un an appraisal following ferendum on the Comm ket. In future Cranfield seeking more students fro countries and building eve ger links with the major Eu management schools. Th striking innovation, howe partnership arrangeme tween Cranfield and a French business scho Institut d'Administrati Entreprises in Aix-en-Pr The two schools will jointly each year a thr programme for Europear executives. The first of th grammes will be held at in September 1976, its being the work of top m ment in the new Europe ness environment. Teach be provided by leading t both the Cranfield and Ai ties supported by other guished academics. While guage of the classroom English the participant choose either French- or E speaking study groups; a course material and a tration back-up will be i languages. Most of the tut bilingual. It is hoped to o very mixed course memb for this course from the co of Western Europe.

These trends will gath mentum from 1977 and helped by the completion new management building.

*Tom Shaefer, Director of Management Developmen*

## British airways Advanced marketing course

IN JANUARY I was one of twenty British Airways managers studying advanced marketing on a week's course designed for us by Professor Gordon Wills and his colleagues at Cranfield School of Management. *This was the third* course; others are to follow.

Why did we embark on these courses? It is a tough, disjointive, time in civil aviation, and perhaps this needs a word of explanation.

First, our background. A merger; an internal reorganisation; energy-led inflation; rising real air travel prices (after fifty years of falling prices); falling markets; six new TriStars in Europe raising our capacity by 30 per cent; aggressive competition from charter and non-IATA airlines; riots, rebellions, pestilence and armed invasions throughout the Mediterranean littoral from Morocco/Portugal to Cyprus/Israel, environmental pressures....

Next, our marketing responsibilities. Next year's European service timetable, product quality, customer standards, and prices, all shaped to route profit criteria; commercial agreements with foreign airlines; external relations with governments, agencies and institutions; a sales, promotion, and advertising system that sets and monitors targets for European services in detail in Britain, in Europe, and Overseas; management of all British Airways activities (commercial and operational) in thirty European countries....

Finally, our tasks: A profitable *flying programme; a £300m sales* budget and a £50m marketing division expenditure budget; innovations (Shuttle, a customer-*first orientation campaign)*; fewer staff, better productivity (after five years of staff freeze and three of traffic growth); cost-cutting; and continuous response to potential shifts in traffic or any other variation in revenue and expenditure budgets....

We have some experience of this kind of business life. But it began to seem as though too many things *were changing too quickly. It was time to take stock of our co*herence as a trained marketing force unitedly recovering from an off-budget performance. We concluded that we lacked modern training as a unified force for present crises. Our business world was changing; we were in danger of not adapting to it quickly enough, as a team.

Among the training constraints we decided on were: all senior *European Division marketing* managers should attend; other senior British Airways managers should be encouraged to attend, to give airline breadth; each course should consist of not more than twenty managers, last one week, be substantially participative; Cranfield should provide the teaching team supported by British Airways staff; and the course should be residential and committed, with no absences for whatever reason.

We needed a balance between airline reality, academic readings, and tuition. None existed in the form we required, which had to be centred on us as a group at this very moment—how we had got where we were, where we thought we should go, and how we could use disciplined hindsight to sharpen our foresight; and also, to encourage empathy to help us rise above our imperfections, both as individuals and as a marketing structure.

Cranfield worked with us to produce ten case studies covering major aspects of our work like corporate planning, aircraft pro*curement, pricing, buyer be*haviour, advertising. Each case is sponsored by a British Airways manager personally associated *with it during its "real-time"*. Until now no project had been succinctly written up or clinically re-examined.

To reinforce these, Cranfield built up a volume of selected readings. Our course consists, therefore, of basic tuition explicitly related to contemporary airline projects and given insight and illumination (by Cranfield staff) in a free and highly-charged atmosphere. Best of all are those *moments when case studiers*, Cranfield staff, and British Airways managers meet to talk over case findings. As they are part of our immediate experience we all have something to offer, and something to learn.

We think these courses are unique. More important, do they work? We are on budget, and are approximately meeting all our targets for the first time in two years. It would be rewarding to link this to our courses, but budgets were set (to new, realistic, levels) at the same time as we were planning the courses. We shall not know their value for perhaps a year or two.

But we have already begun collective discussions to see how we can improve our work as a result of learning from our common experience.

*Charles Stuart, Marketing Director, British Airways European Division*

## Breaking new ground in logistics

OVER THE last ten years or so, there has emerged a growing recognition of the key role of distribution in corporate success. This importance is double-edged. First, because the true costs of *distribution can be staggeringly* high—more than 20 per cent of the cost of goods sold for many companies—and secondly, beca*use the customer service provided* by distribution—the right product in the right place at the right time—can impact directly upon sales and thus on revenue.

Accompanying this reappraisal of the role of distribution there has been an acknowledgement that "distribution" is much more than transport. Among the vital activities that directly or indirectly affect distribution costs and performance are: warehousing, inventory holding, packaging, materials handling and order processing as well as the transport function. This new view of distribution also places an emphasis on materials flow throughout the total system, from the receipt of goods inwards—raw materials and the like—to the point of consumption of the finished goods.

So radically different is this new definition of the distribution task from the one that it replaces that a new word is entering the business vocabulary to describe it: logistics.

Here at Cranfield we have reflected industry's growing concern for the improvement of its logistical performance. Our MBA programme, for example, has an option on logistics, our short course activity in this field is considerable, specialist workshops for distribution practitioners are regularly held. Britain's first PhDs in logistics have graduated from Cranfield and the work of our Marketing Logistics Systems Research Centre is greatly involved in contract research for industry.

The development of short courses for managers in logistics has been particularly innovative. As *well as our regular one-week* course for senior distribution executives, which attracts participants from across Europe, Cranfield has introduced a two-week intensive programme for middle management. This latter course is designed to help fill a gap which is becoming apparent as more and more companies elevate the responsibilities of the distribution function but do not have the trained and experienced personnel to manage that task.

*Martin Christopher, Senior Lecturer in Marketing and Logistics*


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Students do not work a doctoral programme as such, but alongside research teams in the major subject groups at Cranfield. All doctoral studies are, however, co-ordinated. For more details, contact

Professor P. A. Losty, Director of Doctoral Studies,
Cranfield School of Management
Cranfield Institute of Technology, Cranfield, Bedford MK43 0AL. Tel: 0234 750111, ext. 318.
Early applications advised.

Make next year profitabl

Cranfield's twelve-month MBA programme is intended for post-graduates with at least four years of practical business experience. Most students are between 27 and 35 years old.
We aim to help strongly-motivated men and women to relate their own knowledge of particular aspects of business to the varied experiences of other students and to the broader requirements of general business management.
The programme is intensive: classes meet three times a day, five days a w and regular written reports are requi
The most widely used vehicle for learning is the discussion by studen of actual business situations, the so-called case method. Class sizes are limited to encourage full participatio
The next Cranfield MBA programme begins on 4th October, 1976, and we p to admit about 130 students. For mor details and application form contact Professor D. R. Myddelton.

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هذا من الأصل

In a second article on management in the motor industry, **John Barber** contrasts the histories of his two former employers

# How Ford beat the Midlands

TWENTY-FIVE YEARS ago Ford had a smaller share of the U.K. car market than either Austin or Morris separately—now it is on roughly level terms with the two combined and sometimes challenges the whole of British Leyland. This long-term trend in market performance can only be a reflection of the differences between Ford and Leyland management over the years.

The differences arise from history. Leyland's car business grew in the Midlands from a number of smaller companies which gradually merged: Ford has always been one company. The smaller companies were mostly run autocratically by their founders who left no sound management structure and mergers aggravated the shortcoming. The style of the great entrepreneurs—such as Austin, Morris, and Lyons—was copied down the line by men who lacked their special flair; tough talking was valued more than plain intelligence. Meanwhile Ford continued to develop a style of management based on facts rather than personalities; to-day few people know the names of the chairman and the president of Ford of Europe operating in this country.

At the shop-floor level, too, the historical background is important. The cause of overmanning and bad labour relations in the Midlands car factories, of Chrysler as well as Leyland, is found in the wage agreements made during the war, the bidding up of wages after the war in the rush to obtain labour, and the slackening of management control. The position was aggravated by the extreme piecework systems *operating in the Midlands*, which not only were a constant cause of disputes but which also hindered the development of good first line management.

*Foremen under these systems* were often no more than senior progress chasers. Operators controlled the work and there was little opportunity for a foreman to manage and to improve the performance of his activity. Ford, on the other hand, has never operated piecework and has trained its foremen as true first *line* managers. This has been an important factor in Ford's better production performance.

In the 20 years before the formation of British Leyland and Chrysler U.K., management substantially lost control. During this period attempts were made to reimpose authority but management over-reacted at times, tough stands were taken on issues which proved to be unsoundly based: the inevitable retreat further weakened management authority and less responsible elements took advantage of the situation with guerilla strike activity. Constant disruption *upsets even the best* material supply systems, and causes further aggravation at all levels. Management then has to *spend* an absurd proportion of the working day on individual industrial relations and supply problems and has little time to think about the basic job of managing production. This is a vicious circle of disruption, shortages, overstressed management, poor management, bad industrial relations and more disruption.

BL and Chrysler U.K., the principal Midlands manufacturers thus inherited a legacy of bad relations and an atmosphere of mistrust which had built up over the previous two decades. Some progress has been made in the last few years in correcting the position. Both companies have replaced piecework systems with a daywork basis of payment designed to provide more stable earnings and better measurement of productivity. Several years ago BL appointed a main board director of industrial relations who by his ability and integrity has created an atmosphere of greater trust.

Management, at BL's Cowley plant in particular, has chosen its stands more intelligently in the last two years and by adopting a firm but fair approach has made more progress than under the earlier indiscriminately tough regime. From the beginning of 1974 until the Government took control in August 1975 BL was able to reduce its *worldwide manpower by* about 30,000 without major dissension.

A serious consequence of the industrial relations *frustrations* over the years was that some of the better managers drifted away and could not be readily replaced. It is a reflection of the management situation in the Midlands that the managing *director of Chrysler U.K.* was not found from existing British management and four out of the eight executive directors on the main BL Board came from Ford with only one from BMC and none from Jaguar, Rover or Triumph. Leyland truck operations provided one executive director and the remaining two joined as specialists from outside the industry. None of the non-executive directors has a motor *industry background.*

Recruitment in recent years has made BL management considerably stronger in depth than it was at the time of the merger but it still suffers from the problem, common to British manufacturing industry generally, of failing to attract sufficient people of high intelligence and good education. This tends to be a self-perpetuating situation because the more intelligent are often jealously squeezed out or they leave through disillusionment with low standards. There is a limit to what an individual company can do to correct this on its own—making wealth producing manufacturing as attractive to people of high ability as the service industries and the *professions* is a national problem. The American owned car operations in Britain are in a position to alleviate it to some extent by reason of their greater resources.

Mr. John Barber, former No. 2 in British Leyland and previously a director of Ford Motor.

The catchphrase "small is beautiful" is popular but in the mass-production car industry a small company approach is just not possible. Comprehension of the interactions and complexities of a very large company, particularly in an industry with unusually interdependent activities, requires a high level of intelligence. One of the more difficult problems is the centralisation or decentralisation issue which is so often confused with delegation of authority. Certain decisions have to be taken centrally because of the interdependence and certain activities have to be centralised to achieve economies of scale. It *would be wasteful, for example,* for engines for each model to be made in different plants.

*Although* there had been considerable rationalisation by the time the Government took control, BL was still less centralised in its main activities and had *a smaller central staff than any* other major motor manufacturer in the world. There is considerable scope for further rationalisation to improve efficiency and it will be a test of management to achieve an intelligent balance between maximum economies of scale and preservation of the characteristics of the specialist car *business. Ford with a well* established organisation does not have to spend management effort on this problem.

Good management is an essential factor in improving the productivity of the British car industry. Equally important, and probably the most significant word in the recent Central Policy Review Staff report, is *attitude—attitude both of management* and the shop floor. A more receptive attitude to change is vital as is a more responsible attitude to work itself. On the radio recently a man from the shop floor—and he could equally have been a member of management—was making sensible comments on the need to increase output and inadvertently referred to BMC: then added that he had not got used to the change to BL which had happened nearly eight years previously.

Long term, the half of the British car industry owned by strong American corporations is sufficiently competitive to have an assured future, depending on the view taken by the parent companies of the British economy and British attitudes. The other, Government-supported, half has more of a question-mark over it. It has to cope with the general problems of the country and at the same time it has to get its internal priorities right. Both companies need to invest in new products and modern facilities but massive investment alone will not ensure that the British car industry has a future.

The CPRS study came to the conclusion that "... where it is possible to measure the effect of under-investment on productivity, the results demonstrate that *inadequate capital* equipment is only a minor cause of low productivity." If equipment is not to blame, responsibility must rest with people, *whether on the shop floor or* in management, and relations between them.

*Mr. Barber's first article was published on this page on February 11.*


EUROPEAN SCULPTURE AT SOTHEBY'S

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65 PENSIONS and BENEFITS

# Time to contract in or out

BY ERIC SHORT

MANY EMPLOYERS would consider that they have more pressing problems in the running and financing of their businesses than considering *what to do* about providing pensions for their employees. After all, the starting date of the Government's new pension scheme, as *set out in the Social Security* Pensions Act 1975, is not for another two years. But now that the Government has announced the primary conditions under which private pension schemes can operate, there are some valid reasons why management should start thinking now about the situation.

One reason is that the *Government scheme and the proposed* contracting out provisions are extremely complex. Managements will have to rely on their pensions advisers not only for a complete briefing of what the Government requires, but for the very detailed financial costing exercises which will be needed before companies can start to analyse the financial *consequences.*

Briefly, the proposed State pension scheme will provide pensions in a two-tiered form. The first part is the present flat-rate pension and the second portion is related to earnings up to a given ceiling. The employer has the option to contract out of this second earnings-related part and replace this provision by a *private occupational scheme.* If he opts for a private scheme he must provide benefits at a given minimum level which are higher than those provided by the State. In return, there is a corresponding reduction in the contribution that has to be paid to the State scheme.

## Private scheme

A company must therefore consider whether it would be financially advantageous to set up a comprehensive private scheme to provide the second part of the pension. There is no clear-cut answer to this, unlike the situation under the previous Conservative Government's State Reserve scheme when there were clear financial advantages in private provision.

Now it will depend very much *on the age distribution of the* work force involved and on the percentage of women employed. The State scheme, by providing equal pensions for women and introducing full pension benefits after only 20 years, favours the middle-aged worker and women. Employers with large numbers of women employees or with an elderly workforce will find private pension provision expensive compared with the State scheme.

But pension consultants in their current guides to the 1975 Act are unanimous in stating that each situation will have to be considered on its merits and that the calculations will take some time to perform. The consultants are anxious to spread their work load so that the majority of employers do not come to them at the end of 1977, because they will not be able to cope.

Another consideration for an early start by management is that under the Act and its

> With the prospect of new pensions legislation raising complex alternatives for companies, managements have relatively little time to draw up their plans.

Regulations, employers have to consult with employees and their trade union representatives before making their pension decisions. The Act states that at least three months must elapse between the first approach to the unions and the ultimate decision being taken—and more time may be needed, if the consultations are to be meaningful.

Trade unions have entered the pensions field rather late, but have been making great strides to understand this complex field. The whole process of bargaining will however necessarily be a slow one if both employers and unions are to understand what pension provisions are to be provided.

Finally, employers should remember that any private pension scheme has to be approved by two Government authorities — the Inland Revenue for tax approval and the Occupational Pensions Board for a contracting-out certificate. The Government Actuary estimated some time ago that there were about 60,000 private pension schemes. Each of these will require a certificate from *the Board*—which will shortly be publishing guidance notes—if the intention is to contract-out.

Management should also *allow time for explaining* the scheme to their employees. The Department of Health and Social Security has produced a booklet explaining the new State scheme and this is available in all DHSS offices. But most employees are unlikely to go inside one of these offices so they will be relying on their employer for the explanations.

Pension consultants are well aware of this need and are beginning to pay much more attention to the communications problem of pensions and are producing films explaining the relationship between State and private pension provision which are available for hire. Last week C. T. Bowring and Layborn, part of the Bowring Group, announced that it had commissioned an audio-visual presentaion firm to produce a 30-minute colour presentation on the subject.

Some employers may, however, prefer to wait and see how pensions are to be treated in the next stage of the Government's anti-inflation policy before taking too many steps. Pensions were virtually excluded in the first stage because any improvements had to be counted against the £6 per week pay rise limit. The Government has announced that when the next stage starts on August 1, improvements in existing schemes and the introduction of new schemes will be *allowed—but only to the extent* that they provide the minimum contracting-out conditions under the 1975 Act.

## Pay policy

Because of this limitation, the pensions industry is making strong representations to the Department of Employment to have pension provision completely exempt from August. In the meantime, however, employers can still start considering their future plans. If the Government does not make any further concessions to pensions in its anti-inflation proposals, it will mean that employers will probably only set up or improve schemes that fulfil the minimum contracting-out conditions, and that they will then subsequently improve the schemes to the desired level when allowed to do so.

Such a course of action will necessarily involve management and pension consultants in more work. But the alternative of waiting *until the Government* gives the all clear to full improvements in schemes is to get caught up in the rush for advice and contracting-out. The *main decision* that has to be taken is whether or not to contract-out. This can be done irrespective of whether the Government continues to include pensions in its anti-inflation programme.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

## Building Society interest

**I own a small company, the only asset of which is a building society deposit. Am I correct in saying that the interest received should be grossed up at 35 per cent. and then taxed at 42 per cent.; the 35 per cent. tax being set off against the 42 per cent. corporation tax? Will Audit Fees and Annual Return Fee be allowable against the grossed-up interest?**

Your question is founded on a puzzling premise. The rates of corporation tax for the current financial year will not be revealed until the Budget on April 6, of course, but you have correctly understood the principle upon which the taxation of building society interest is based (subject to the rules for deduction of management expenses).

However, since the company's income will also be subject to income tax at your personal rates, whether distributed or not, it is hard to deduce the purpose which the company serves. If you have not already done so, you may wish to discuss with the company's accountants the possibility of liquidation, or a change of investment to produce franked income perhaps.

## Shareholders' rights

**I am a Preference shareholder in a private investment company whose investments consist of holdings in two other private companies. Have I a legal right to see the accounts of these two companies?**

Although you have no private right to see the accounts you mention, you can inspect them when they are lodged with the relevant annual returns at the Companies' Registry, simply in your capacity as a member of the public who is entitled to search at Companies House.

## Licence for agency

**I intend to operate a writ service and debt collection agency and have been told that I shall have to register under the 1974 Consumer Protection Act, is this so?**

What you have been told is correct. You should apply to the Director of Consumer Credit, Office of Fair Trading, New Court, 48 Carey Street, London WC2A 2LD. You cannot carry on a debt collecting business after August 3, 1976, without a licence.

## Bearer shares

**Are shares in bearer form, such as BAT or Shell, more difficult or expensive to buy or sell? Are dividends paid with the additions of the tax credit either to residents of the U.K. or abroad?**

Bearer shares of U.K. companies present no particular problems on purchase or sale: the purchaser does not incur transfer stamp duty, and consequently bearer shares often command a slightly higher price than the registered form of the same class. The bank which holds the shares for you (as required by exchange control regulations) will make a charge for collecting the dividends, but this expense is not allowable for income-tax purposes. Apart from this coupon-collection expense (which is comparable to the clearing charge for dividend warrants on registered shares), the yield on U.K. bearer shares is the same as on the registered form of the same class. As U.K. companies are no longer permitted to issue bearer shares, any rights issues would be in registered form, which could result in an inconvenient mixed shareholding.

*

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WEDNESDAY, MARCH 10, 1976

# Paths towards recovery

THE National Institute Economic Review has, in its latest issue, made some highly desirable history. For the first time, the country's leading independent forecasting team gives due weight to monetary as well as "real" events in the economy. For the first time, too, it offers a full discussion of the medium-term outlook, mapping possible paths to recovery by 1980. As a result, it may be supposed, of these two new insights, the Institute has refrained from the call for a massively reflationary Budget which it has always produced in past recessions. Since the Institute's approach to analysis has always been somewhat similar to that of the Treasury, one can hope that there has been a similar awakening to reality in Great George St., and a good deal of evidence supports this idea. The change is most encouraging.

### *Pessimistic*

If the approach is encouraging, the conclusions are not. As the Review says, its own five-year forecast corresponds roughly to the most pessimistic of the three possible paths offered by the Treasury in the recent Public Expenditure White Paper: and it is interesting to discover that while the Treasury projections, unsupported by any detailed economic reasoning, looked biased towards optimism, the National *Institute forecast, which is* fully spelled out, looks on the pessimistic side. It becomes a little less difficult to believe *in the Treasury's "central"* hope for a 3.4 per cent. growth rate after pondering the National Institute's reasons for *supposing that without further* policy changes, growth will only be 2.6 per cent. The main reason for taking a more optimistic review is a change which cannot be "captured" by statistics drawn from the past: the complete change in recent years in British industry's attitude to export markets. In these once-marginal markets British management now sees its main hope of profit and expansion.

Only time will show how permanent this change is, but its effects are already visible: the Review admits that the recent British export performance can*not be explained by the relation*ships it uses for forecasting. It is notable, moreover, that the Review's forecasts for export *volumes this year are sharply* lower than those suggested by the Department of Trade's recent survey among leading *exporters. This medium-term* forecast — highly valuable though it is to have a detailed forecast rather than a bald projection—is probably best regarded as a worst-case analysis.

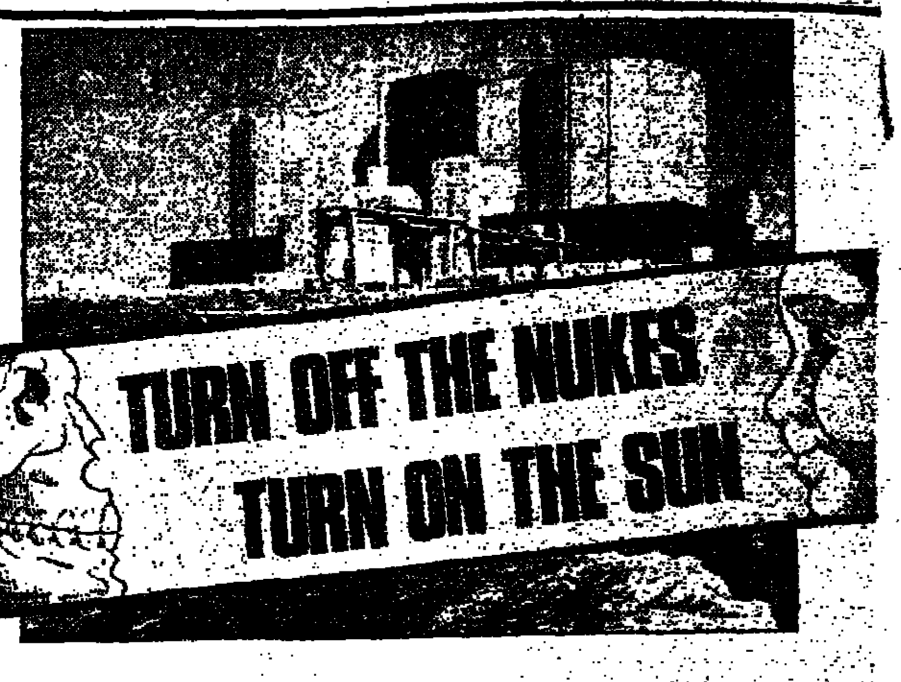
It is unfortunately important to take issue with the Institute's forecasts, even in this very very cursory way, because the very gloomy picture presented in the Review could generate pressure for the very policies which the Review rightly warns would endanger the recovery that is now possible. In particular, it is likely to increase pressure from the Left for two courses of action which the Review explicitly rejects — import restrictions and demand reflation.

### *Essential condition*

The truth is, as every analyst now seems to agree, that the essential condition for recovery is to reduce the domestic rate of inflation. The prospect for jobs depends not on demand management—even as a *quid pro quo* for wage restraint—but on the willingness of the British people, and of trade union members in particular, to accept the fact that their real earning power in the world has declined. Failing restraint that adjustment will be made, sooner or later, through the exchange rate, as we have just been reminded: but if it is made by cutting money claims to a realistic level the effect at home, on business confidence, interest rates, profitability and investment is immeasurably improved. A further reduction in money wage increases from the 10 per cent. or more represented by the £6 limit is the first essential—as the trade unions, to do them credit, seem to recognise.

The biggest remaining bar to recovery is the reluctance of the Government to cut the real claims of the public sector as it is asking everyone else to do in their wage claims. This hangover from the unrepentant days of demand management, which would have been welcomed by an unreformed Review, is *hampering the Chancellor in* his present efforts to offer some fiscal sweetener for restraint. Unless he can even now make *some assault on the peak of* spending in 1976/7, he has very little freedom to act—certainly not to offer hard and irrevoc*able concessions in exchange* for a vague form of words. Much hangs on his decisions: for if the prospects for recovery *are possibly brighter than the* Institute suggests, the consequences of mismanagement are every bit as grim as its *severest warnings.*

For the nuclear business to continue growing into a full-blown energy industry, governments may have to assume greater control over its progress, reversing recent trends. At the same time, the industry's opponents may achieve at least limited successes. **David Fishlock** reviews developments




# Nuclear energy's power game

THE development of nuclear energy must *be carried out under* a government umbrella if the nuclear industry is to continue to mature into an *energy industry analogous* to oil, or so a growing body of international opinion—well in evidence at a recent symposium *in Zurich*—believes. In other* words, the efforts of most governments with nuclear energy programmes to give their industries increasing freedom to engage in nuclear business over the past two decades may have to be put smartly into reverse.

The *implications are serious* if, as now appears increasingly likely, all or nearly all parts of the industry may have to return to tighter government control. Governments may be very reluctant ever to relinquish control again.

## Increasing attack

The situation is this: the nuclear industry of the U.S., where more nuclear power plants are working than throughout the rest of the world, has been under steadily increas*ing attack from opponents of* nuclear energy since 1968. Now, in presidential election year, America's nuclear industry is *virtually in a state of siege*, with almost no new nuclear power stations being ordered and a very real prospect that certain *states—California being the* most prominent—will vote this summer for a moratorium on further construction.

A great many reasons seem to play a part in demands for a nuclear moratorium. One, undoubtedly, is ignorance of, and a concomitant distrust of, advanced technology, of which nuclear engineering appears to many to be a particularly esoteric example. Another is the widespread distrust at the moment—especially in the U.S.—of experts, industry, institutions and government.

Another set of reasons emanates from the so-called "environmentalist" lobby, and includes faith in zero-growth economies, a well-justified concern for the quality of the natural environment, and—perhaps above all—the vulnerability of the nascent nuclear industry. No matter how devastating the case for, say, abandoning coal as a socially damaging industry it is almost *impossible to imagine opponents* making headway against such a deeply entrenched and labour-intensive activity.

Then, again, there is concern with nuclear proliferation, the trend in which technologies—including those potentially capable of yielding nuclear explosives—are allowed into the hands of nations considered politically less stable (and sometimes less moral) than those which developed nuclear energy.

Finally, there is a whole raft of objections on public safety grounds, questioning for example, the intrinsic safety of reactors, and highlighting the *risks from the long-term storage of* radioactive nuclear wastes and the possibility of terrorists hi-jacking nuclear materials or even an entire nuclear plant.

"Never has any technological development stimulated such profound, systematic and virulent opposition," concluded one speaker in Zurich, while acknowledging that earlier public outcries against technical ventures were prompted by plans for the Eiffel Tower and for draining the English fens. He believed that nuclear *opponents in the U.S. had come* "dangerously close to eclipsing" the nuclear industry, just as others had succeeded in *ending development of a super*sonic U.S. airliner.

## Alternative sources

All this obviously raises the question: "What would happen if the U.S. voted nuclear energy out?" One line of thought argues that such a vote would "bring people to their senses" and thus be very swiftly and decisively reversed. But another suggests that the U.S., with its wide inventory of alternative energy sources—especially coal and oil shale—could conceivably sustain such a decision.

The economies of less well endowed nations in Europe and the Far East however would be much more severely affected. The Third World, which has shown no intention of subscribing to theories about zero growth, would be hardest hit of all.

Nuclear energy's opponents are never more evasive than when asked for their ideas on what might replace nuclear energy in a world that is fast exhausting its reserves of fossil fuels. Those who accept that zero growth is no answer try to argue that the "benign and renewable" sources of energy, such as the sun, winds, tides and waves, will adequately fulfil the world's needs. They dismiss as special pleading the assertions of highly reputable scientists and engineers that these alternatives, if successful at all, could fill no more than a small part of the gap between energy needs and dwindling fossil-fuel resources.

Enthusiasts for the benign and renewable alternatives seem all too ready to overlook the harsh engineering constraints that make it so slow, difficult and expensive to harness a relatively feeble energy source on a scale commensurate with modern energy demands. They see them in terms of an abundant free "fuel" rather than in terms of the large, cumbersome "amplifiers" — such as windmills with blades the length of a football pitch in diameter—whose initial cost may far outweigh any eventual advantage.

## Research and development

Since the Yom Kippur war, governments have been willing to spend much more freely on *research into and development* of benign and renewable energy resources. A cynical view of this activity, perhaps, would be *that it is little more than a* public relations exercise to avoid accusations by nuclear energy's opponents that no serious effort to harness alternative energy resources has ever been mounted. But most fairly sophisticated nations seem to have reached much the same conclusion as the U.K., namely that benign and renewable resources may prove good for perhaps 6 to 8 per cent. of total energy demand in the 1990s—but no more, and no sooner.

The balance, governments generally assume, will have to be provided from fossil resources and nuclear energy; and, moreover, by nuclear energy provided by the technologies that are arousing such deep antagonisms. No alternatives loom within sight. Fusion reactors, if ever made to work economically, lie far into the next century. Even the more advanced fission reactors, such as the high-temperature reactor, have receded to the next century.

Could people simply adapt to a world in which energy was chronically in short supply? Two facts suggest not. First, increasing energy usage is closely bound up with a steadily rising standard of living, to which *many people worldwide are be*coming accustomed. And second, basic services such as sewage and water supplies are affected *when electricity supplies are* restricted to about 75 per cent. of normal demand, as was evident from Britain's own experience during *the 1972 coal*miners' strike.

## Electricity supplies

These two considerations alone are enough to suggest that governments would be forced to step in and avert any serious attempt to curtail nuclear electricity supplies. In effect, they would be restoring the umbrella of government control that characterised the industry until the mid-1950s.

Even in countries where *private enterprise is paramount* to-day—such as the U.S. and West Germany—government has never relinquished its control of *key sectors of the nuclear* business. These include the so-called "sensitive technologies" such as uranium enrichment, reprocessing of spent fuel and heavy water refining, all of which can contribute importantly to nuclear weapons.

Dr. Walter Marshall, chief scientist to the Department of Energy sums up the risks here when he points out that the technology and investment required to enrich uranium to nuclear fuel levels (2 or 3 per cent. uranium-235 content) is more difficult than the further step of reaching "bomb-grade" levels (90 per cent. plus). "The *second step is rather easy.*" This is one reason why the U.S. Government has found it so difficult to transfer enrichment to the private sector and still more difficult to licence the technology to other countries.

Governments will also remain responsible for the highly radioactive waste from reactors, whether stored or returned by the reprocessor to the country of origin. Any reprocessing contract that gives the reprocessor freedom to return the waste will have to be backed up by inter-governmental agreements to ensure that the customer cannot renege.

Governments will continue, too, to provide the bulk of the research and development re*quired to launch new types of* reactor, expected to make much more economical use of nuclear fuels. The cost now far out*reaches the resources of* private industry—as Shell and Gulf, to their chagrin, have lately discovered. After several years of *trying to persuade industry to* finance the development of the high temperature reactor, the West German Government has *now decided to finance the ven*ture itself.

Governments will also continue to be the licensing authority for nuclear installations. If, as is proving the case in Italy, it finds its nuclear programme persistently balked by local objections to nuclear site plans, it may have to step in and over-rule the objections.

They already keep a very tight rein on indigenous reserves of uranium. For instance, the Australian and Canadian governments have both intervened to ensure that their mining industries kept up the price of uranium.

## Black lists

Some of these areas of government involvement are al*ready being greatly intensified.* Those countries in a position to export the "sensitive technologies" have drawn up their own *private "black lists" of nations* to which they will not permit their industry to sell. In the case of West Germany, for ex*ample, this apparently includes* South Africa, Argentina, Egypt, Israel, India, Pakistan, and South Korea.

Increasingly, too, governments are being drawn into decisions on the structure of their nuclear design and construction industry. Both the U.K. and French governments have decreed in recent months not only that there will be a single source of reactors in each coun[try] that it shall have a m[...] State shareholding. T[he] government is being as[ked to] prop up General Atom[ic...] Gulf-Shell joint venture [...] wants to see the high-te[mpera]ture reactor survive. Sin[ce pub]lic opinion may not st[...] financial support for [...] majors, it may well be [...] to take the company i[nto the] public sector.

Above all, governme[nts are] going to be drawn into [financ]ing nuclear energy. Thi[s is] primarily because of th[e] large sums involved, [...] though a nuclear statio[n costs] about twice as much as [a fossil-]fuel station while repro[cessing] plant costs estimates [have] soared by a factor of t[...] the past couple of year[s. Gov]ernments can always t[ry the] tactics that the West [German] Government is using to [...] its proposed £750m. re[process]ing facility—simply tell[ing the] utilities that, if they do [not find] the cash, their nuclear [...] will not be licensed.

## Reluctance, industry

*But there is another* vital reason why gove[rnments] will get drawn deeply i[nto the] financing of nuclear [...] *programmes. It stems f[rom the]* reluctance of industr[y...] State-run industry—to p[lan] enough ahead to mat[ch the] *exceptionally long* lead-t[imes of] the energy business.

Unless Britain, wi[th...] indigenous uranium, [...] heavily in the next few [years,] say, upwards of £1 b[n in a] reactor system that [uses] uranium much more ec[onomic]ally than to-day's reac[tors, it] could find itself [...] embarrassed by the 1990[s when] North Sea resources b[egin to] dry up. But from a [govern]ment's standpoint, ev[en the] lead time and the exp[ense of] bringing the fast "b[reeder"] type of reactor to the [...] may seem trivial compar[ed with] that of converting the [housing] stock of the nation to [...] insulated, low-heat inp[ut type] of building that might [make] significant use of solar [heat.] At current rates of const[ruction] in Britain this could w[ell take] 100 years.

*"Crisis in the nuclear industry" [...] Duttweiler-Institut, Ruschlikon.

# Germany and the U.S. show the way

THE Dow Jones industrial average yesterday touched the 1,000 level for the first time since January, 1973. In West Germany the Commerzbank share index is still hovering below the 800 mark, which represents a similar psychological barrier, but in both countries the message is the same: the signs of economic recovery are becoming clearer.

### *Employment*

In the U.S. there has been a flood of economic indicators in the past few weeks all point*ing in the same direction.* The index of leading indicators for January, which is specifically designed to show the overall *trend, rose by 2.2 per cent.* This was the biggest rise since last July when the index accurately predicted the very sharp growth *in third-quarter GNP. In* February the wholesale price index declined by 0.5 per cent. —the fourth successive month *in which this index has fallen* or at least held steady. Even housing, the most depressed sector of all, seems to be improving: the number of new building permits in January was at its highest level for two years.

There is also better news on the employment front. The number out of work fell again in February to 7.6 per cent. of the labour force, down from a peak of 8.9 per cent. in May last year. At the same time, the *number of those employed has* returned to the pre-recession level of July, 1974. Mr. Alan Greenspan, the chairman of the *Council of Economic Advisers,* has reacted by suggesting that the jobless figure may be below 7 per cent. by the year-end—the most *optimistic official pro*jection so far, but no longer to be entirely dismissed.

In West Germany the surest sign of the turn-round came with the publication late last month of the latest findings of the IFO institute, a body which has shown itself remarkably sensitive in the past to changes in mood and performance. Almost without qualification, it reported that the economic recovery seemed to be under way. Subsequent indicators have tended to bear this out—even on employment.

The fall in the number out of work in February was not dramatic and indeed the unemployment figure remains at 5.9 per cent., but it was the first time since September that there had been any fall at all. In February last year unemployment rose in spite of favourable weather: this year it fell despite the fact that the weather conditions were much worse.

### *Markets*

The industrial production figures published at the weekend also show an improvement: *seasonally adjusted, output rose* by three per cent. between December and January. Yesterday's provisional order figures *for January go even further:* seasonally adjusted, export orders were up 14 per cent. on December and 16 per cent. on January 1975.

There are of course still reservations in both countries. The U.S. recovery in the third quarter of last year did not turn out to be self-sustaining. Unemployment, though falling, is still high and, *above all, there has* been no real recovery in investment. But the signs of the turn round are there and the markets *at least seem to believe in them.*

# MEN AND MATTERS

## Back to cards with Black Cat

When finding out last month about the London Cigarette Card company (which announced a new owner and paid a record price for a set of old cards at an auction all on the same day) I did muse whether the cigarette companies would resist much longer turning the clock back some 36 years and bring out cards again.

Carreras Rothman has duly taken the plunge. Not only is the company bringing back cards but also reviving an old brand name, Black Cat. That obviously leans heavily on smokers' nostalgia; the brand is in fact still a big export seller but disappeared from the U.K. market just after the war.

The crucial point is whether the reintroduction of cards will upset the anti-smoking campaigners because of the potential appeal to the young. Robert Wickenden, Carreras Rothman managing director, maintained last night that the group's market research showed that cards held little appeal for the young—and the company had deliberately chosen a vintage *car series rather than a more* youthfully popular range like, say, footballers.

The cards will come in packs *of 20 of what will be low* to middle tar cigarettes. Again, at 43p a time, the company is hoping that it will be pricing the product out of the reach of schoolchildren's pockets.

Wickenden added that cigarette cards came to mind as CR tried to find a way of expanding its present 7 per cent. share of a market *where 86 per cent. of cigarettes sold were supported* by some kind of incentive, mainly coupons. Cigarette cards were banned early in the *last war to conserve paper, and* one important question is whether the other major cigarette grooups will now be tempted in.

"It's his resignation chart!".

But what of the cigarette card market itself? At CR's launch was dealer Ian Laker, the new young head of London Cigarette Card Co. He reckoned that rather than hit prices, the new cards would stimulate more interest all round (there are *some 10,000 collectors at the* moment), making it an auspicious occasion for his firm at least.

## Upsetting the Mob

The stock market has been giving organised crime in America some unexpected problems lately, and I'm not talking about individual mafiosos' portfolios.

Nearly 400 American newspapers have switched to a new system of presenting their stock *price tables. Originally, the* papers carried New York Stock Exchange prices as per performance on the city's so-called Big Board. But the Associated Press news agency now puts out tables showing the composite performance of stocks on the Big Board plus eight other markets that also deal in New York stocks.

The new system now appears in the *Wall Street Journal*, which itself reports that the composite table caused chaos for "the mob" in Celeveland, Ohio.

Punters can gamble on a numbers racket which involves guessing correctly the final digit of three crucial daily market statistics: the number of stocks that rise, fall and are unchanged.

Trouble is, such a summary now comes *out too late* to appear in afternoon papers, which mucked up the entire system, and led to some acrimony on the streets.

However, the *Journal* found that its own local circulation got an unexpected boost from the situation. The hoods in charge decreed that only the figures carried in that paper would be accepted as the basis for pay-offs, and staff at the Cleveland printing plant have noticed a nightly procession of sleek cars whose occupants show remarkable enthusiasm to buy copies hot off the press.

## SWS men take the sun

"Obviously Jim Slater and I discuss things of mutual interest when we're together, but that's not the purpose of his visit." Thus Jimmy Goldsmith yesterday explained the happy holidays atmosphere in Barbados where the present and past chairmen of Slater Walker Securities are currently escaping the City's woes.

Slater has lately been repor*ted back in business in the* slightly less heady atmosphere of Wimbledon. There two of his former personal assistants, Peter Greaves and Peter Kellett, are working with a private property company called Strong Mead with Slater himself appearing a couple of days a week.

The former SWS chief, who left the group last October and who will be 47 on Saturday, has a reputation for a quiet private life. Barbados, then, is a change from his usual Bournemouth haunts, but even so, "he's here purely on holiday as a *friend* and we've been playing tennis," said Goldsmith.

Slater returns home to-day. As for Goldsmith, he'll be in the sun until the week-end, then in the U.S. for about a week dealing with Grand Union, Cavenham's majority-owned supermarket company, and finally returns to grapple with the next round in the Slater Walker saga—the report on the group about to be delivered by accountants Peat Marwick Mitchell and Price Waterhouse. All concerned are on notice to expect a weighty tome.

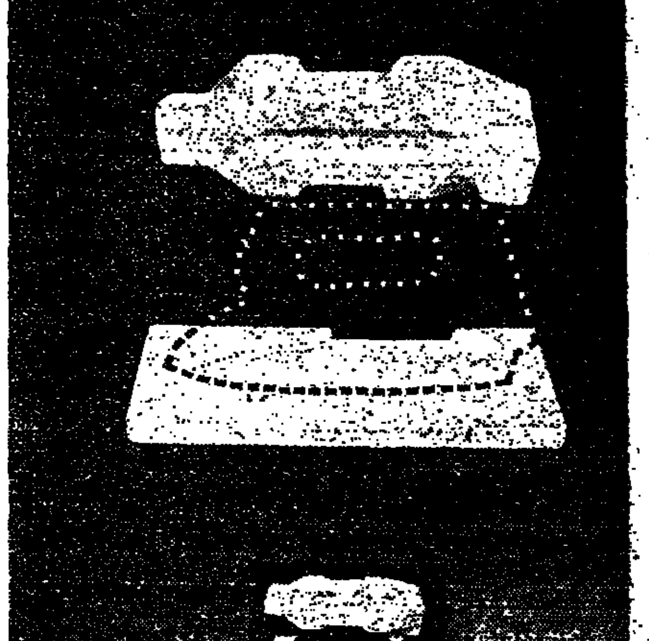
## Suitable cases

Good to see that MPs are keep*ing a close eye on Government* expenditure. Yesterday, in a Commons written answer, the subject of brief cases and des*patch boxes for members* of Royal Commissions came up. Charles Morris, Minister for the Civil Service, reported that 14 *brief cases* (at £38 a time) and seven despatch boxes (£60 each) had been supplied to Royal Commissions last year for a total cost of £950. Morris added: "I am considering whether the essential needs of members of Royal Commissions for items of this nature can be met more economically."

Will someone hop in and tender for a consignment of tasteful plastic bags suitably embossed with "H.M.G."?

***Observer***

MAKE IT IN LIVINGSTON



LIVINGSTON, SCOTLAND
Contact George McPherson, Industrial Development Manager, Livingston Development Corporation, West Lothien.
Telephone: Livingston (0589) 31177 or 01-930 2631

[كاملة من الأصل]

Twelve new industrial projects are not being encouraged for Stonehouse on Clydeside, delaying perhaps 2,000 new jobs. A report by Chris Baur

# A puzzling struggle over new towns

IT MAY seem to be quite incomprehensible: but during the last year Clydeside—one of the unemployment crisis regions of the U.K.—has been discouraging some industrialists making earnest inquiries about setting up new enterprises there.

Since September more than a dozen potential projects have been firmly stonewalled in the West of Scotland. Factories that could now have been well on the way to completion with tenants ready to occupy them, have not even been started. The creation this year of some 2,000 new jobs, which had been expected to begin in May, has been delayed, some think irretrievably. This has happened in a region whose employment losses in the last decade have averaged 10,000 jobs a year and whose planners estimate that they face the gigantic task of creating about 80,000 new jobs in the next 10 years just to stand still economically.

The reason for this apparently perverse situation is that the interested companies all wanted to establish themselves in Scotland's sixth new town at Stonehouse, in Lanarkshire. But they have been unable to do so because of a growing controversy about whether the new town, designated two and a half years ago, is now needed.

## Decision soon

The argument is between, on the one hand, the Scottish Office whose post-war development strategy for the Scottish industrial lowlands was based largely on its new town "growth points" policies and, on the other, the year-old Strathclyde Regional Council. The Council was created by the Government as the new strategic planning authority for an area containing half Scotland's population. Strathclyde now says bluntly that Stonehouse must be ditched. The Government will announce its decision shortly.

The argument is at more than one level. Overtly, it is a matter of principle. Should Strathclyde, the inheritor of some of the most formidable problems of urban renewal in Western Europe, be allowed to carry out its allotted task by determing its own development priorities even if this means scrapping the Government's treasured new towns concept? Covertly, it is all about money. Should the financial resources earmarked for new town development be diverted to deal with the old town decay and industrial stagnation in areas like Glasgow, North Lanarkshire, Central Dunbartonshire and parts of Renfrewshire and Ayrshire?

Stonehouse is at the sharp end of this clash of philosophies. "Off with you to a better life in the new towns," said post-war governments, and 140,000 people went, mostly from Glasgow to East Kilbride, Cumbernauld, Irvine and now, with its first small housing development, Stonehouse. "Back to the forgotten heartlands," says Strathclyde Council, which now believes that the very process of establishing the new towns as what it regards as islands of startling prosperity and vigour has needlessly debilitated the older urban areas by corralling all the best new industry and "creaming-off" the young, the skilled and the adventurous.

Indeed, Strathclyde is doing more than challenging Stonehouse. It is also flexing its muscles over Cumbernauld and Irvine, both of which are about half-way towards their population targets. It wants the objectives of each reappraised and the brakes put on any new housing development.

As vehicles of growth and industrial diversification, the new towns have been successful. The most aggressively so has been East Kilbride. It is now nearing the end of its formal development period and its Corporation has therefore been given a new lease of life with the instruction to develop Stonehouse as well. East Kilbride Corporation thinks that it has one of the best track records in Britain, having established Scotland's sixth largest community (returning a net profit for the last half-dozen years) with over 300 industrial and 400 commercial companies.

"In an era of redundancies, closures and rising unemployment, one new company every week establishes itself in East Kilbride," says its managing director, Councillor George Young. "In the decade to 1970 the new town accounted for 65 per cent. of all industrial growth in Lanarkshire."

Now the East Kilbride team is all set to repeat its magic at Stonehouse. Its members point to the vital role which all new towns (including Livingston and Glenrothes in the East of Scotland) have played in the huge and necessary relocation of population from the badly overcrowded tenements of the Glasgow conurbation.

Even with the long-stop of guaranteed housing and jobs in the new towns, however, the region has had a net exodus of nearly 250,000 people in the past ten years and some planners still expect that about 40,000 people a year will continue to leave Strathclyde. What sense is there, asks the Stonehouse team, in destroying the instrument which could prevent the region as a whole continuing to sustain this loss of so many of its best people?

Without the new towns the older urban areas would have been quite unable to start their own renewal projects. And yet compared with the glittering accomplishment of the new towns, progress on city and burgh redevelopment schemes has been painfully slow. For every new Gorbals and Anderston there are two mouldering Govans and Maryhills. Moreover, in the process of redevelopment Glasgow especially has created vast new problems in sprawling post-war housing schemes like Drumchapel and Easterhouse—the soulless monoliths which give the city its image as the largest publicly-housed, welfare-dependent community in Western Europe.

Faced with these problems, which are repeated on a smaller scale through many of the region's burghs, it comes as something of a shock to hear Strathclyde leaders talk of their new towns as projects which "have worked to the detriment of the older urban areas" and of reeding Stonehouse in particular "like a hole in the head." But what sounds like sour grapes and envy to the brisk young men in the new towns, looks like practical reality to Strathclyde. Councillor Charles Gray, who finds himself in the strange position of being both vice-convenor of Strathclyde Regional Council and deputy chairman of East Kilbride and Stonehouse Development Corporation, says simply that the new towns "are no longer central or crucial to our major task of bringing new jobs to Strathclyde as a means of treating the region's awful urban deprivation."

Strathclyde has decided, it seems, that it will have a chance to reconstitute the tired physical fabric of "the heartlands" only if it can reduce the magnetism of the new towns. It regards the success of the new towns as a perilously superficial measure of the region's actual economic advance and one which has diverted effort and attention from the essential task of reviving not just Glasgow but surrounding burghs like Clydebank, Motherwell, Airdrie, Bellshill, Hamilton, Paisley, Dumbarton, Cambuslang and Coatbridge.

"Back to the heartlands" may be a brave new slogan but it is not without its painful political trip-wires. It may be relatively easy to represent the new towns, as to-day's scapegoats for yesterday's monumental civic neglect and Government apathy in "the heartlands"—the most striking glimpses of Glasgow's slums are often seen at speed, after all, from some of the best urban motorways in Europe. But would choking-off the new towns really stop another generation of Clydesiders from buying one-way tickets from the region to the English Midlands and the old Dominions?

## Optimistic

With devastating candour Mr. Gray acknowledges the difficulties. "It is understandable that people should want to go to these more desirable areas to live. But we simply must stop the vast drain of population out of the heartlands which is encouraged by the provision of the type of living that the new towns offer. In the short term we may rightly be accused of depriving people of the right to move to a better environment. This is probably the biggest part of the challenge that faces us."

Strathclyde Council takes an optimistic view of this challenge. Its own development plan being prepared for submission to the Government in May assumes, for example, that Glasgow's population will fall from 881,000 to 828,000 by 1981, and not to 742,000 as forecast by the Scottish Registrar General.

Most of all it does not accept that finance earmarked for the new towns could not be diverted to sponsor an entirely new dimension of effort on behalf of "the heartlands." On the surface the financial considerations seem to be unimportant. Stonehouse has demonstrated, for instance, that the infrastructure cost of its development on Strathclyde Council's own account over the next five years would amount to no more than £1.6m. a year. This compares with the region's total budget of £850m. this year alone.

For its part Strathclyde is in the equivocal position of denying that finance is a principal consideration while at the same time basing its philosophy on the expectation that Exchequer funds for housing and industry in the new towns could be "poured into the heartlands." There can be no certainty that the Government would accept such an assumption. Yet the figures on new town development illustrate why Strathclyde is so keen to establish the principle that it should have some control over the expenditure of the Government's new town funds in its region. Since their various designation dates, something over £190m. of net capital expenditure has been committed to the four new towns in Strathclyde. About £120m. has gone on the provision of new housing and new industry, most of it on housing. It is expected that expenditure of about a further £103m. will be made in Strathclyde's new towns by 1981—some £72m. on housing and some £31m. on industry.

It is finance on that scale which Strathclyde probably would like to see added to what is available for dealing with the old urban areas. The region drives home its point further by suggesting that it would like to see the expertise employed in new town development used instead in old town redevelopment. "The new town corporations have had a lovely time," says Councillor Gray. "Bags of money in both hands and a series of green fields in which to work their wonders. That has been no challenge at all. It has been nothing more than an invitation to spend."

## Compromise

A compromise is already being tried at Cambuslang where the Government is sponsoring, through the new Scottish Development Agency, a major industrial rehabilitation of some large derelict steelworks sites. But the SDA is itself hemmed by limited resources. What Clydeside really needs is some way of shrugging off the decades of mediocrity in civic administration and industrial leadership which have impoverished "the heartlands." Challenging Stonehouse, and by implication the other new towns, has been a bold way of dramatising this need. But killing Stonehouse, and by implication slowing the growth of the other new towns, would only make sense if it was accompanied first, by a positive Government decision to redirect new town resources to the older urban areas and second, by a clear definition of how, where and by whom that money was to be spent.

### THE FOUR STRATHCLYDE NEW TOWNS

| Town | Designation date | Present population | Gross capital expenditure to March, 1975 (£m.) Housing | Industry | Total |
|---|---|---|---|---|---|
| East Kilbride' | 1947 | 73,500 | 48.8 | 9.9 | 87.1 |
| Stonehouse' | 1973 | 7,000 | — | — | 1.4 |
| Cumbernauld | 1956 | 42,000 | 39.3 | 6.1 | 71.4 |
| Irvine | 1966 | 52,000 | 12.2 | 3.4 | 30.5 |
| Total spending | | | 100.3 | 19.4 | 190.4 |

'Run by joint development corporation

# Letters to the Editor

## Consultation survey

*From Mr. W. Whitworth*

Sir,—The Social Survey Division of the Office of Population Censuses and Surveys is currently carrying out a survey said to be concerned with current consultative and participative arrangements for decision making in industry up to and including board level." I have just endeavoured to answer the questions as they relate to a wholly-owned subsidiary of a unit company of a public group.

It seems to me important that the bias of this survey should be widely known. The overwhelming impression is that the questions presume the election/appointment of worker directors (sic); there is minimal reference to the responsibility to be borne by this new company official; the questions are old hat as regards EEC thinking; there is little room to establish the extent to which consultation may already exist; only 900 companies are being interviewed; the survey is said to have been discussed with the CBI but the CBI apparently had not, as at March 5, seen a copy of the questionnaire. Who on earth drafted it?

May we know what this survey will cost, and how much credence will be given to its findings?

William B. Whitworth,
*Pidehill House, Much Hadham, Hertfordshire.*

## Industrial winners

*From Sir Richard Smeeton, Director, Society of British Aerospace Companies.*

Sir,—Your leader on the "Politics of the MRCA (Multiple Combat Aircraft)," states inter alia ". . . aerospace has not often proved a winner in the past." May I inquire what the definition is of an "industrial winner"?

The industry, represented by this Society, exported in 1975 [illegible]m. worth of aerospace products and the import bill for similar items was £463m., leaving a favourable balance of [illegible]m.

Richard Smeeton.
*[illegible] King Street, St. James's, S.W.1.*

## Unwilling to compete

*From Mr. R. Smith*

Sir,—We are now seeing the results of the fall in educational standards of the mid and late [illegible]0s. We now have the first generation of "liberal" graduates who were themselves educated, at school, and university, by "liberal" tutors.

This liberalism seems to have campaigned two ethics. That competition, either on a personal, corporate or national level is bad and unconscionable. And, to a lesser degree, that discipline in the general sense is likewise unacceptable. In making these points [illegible] more the political movement [illegible] has taken place within the academic body during the last decade.

The move of workers into the public sector is, I feel largely attributable to this unwillingness to compete, which seems to be spreading from student groups throughout society. It is all too easy for to-day's graduate to preach socialist principles and take the easy route into the public sector, where he is insulated from the "heat in the kitchen" of commerce and industry. I wonder how many people preaching the "profit is a dirty word" feel do so in an effort to justify their own opting out of commercial competition? Would I be a reactionary to cite this as a factor in the decline of Britain's economic performance?

The road to curing this malaise is a long one but I feel that the first, albeit faltering and accidental, steps have been taken. By making the teaching profession itself more competitive, in view of education spending cuts and the resultant cutback in jobs for teachers, we have indeed started in the correct place: the schools.

R. G. C. Smith.
*"Haslemere," Dunham Road, Altrincham, Cheshire.*

## Urgency takes a little longer

*From Mr. J. Sergeant*

Sir,—I write to draw attention to the situation with British Airways cargo handling.

To obtain urgent airfreight items it is currently necessary to: 1) Wait one hour queuing to start documentation; 2) Wait a further "*minimum* period of an hour" for processing of the item.

In practice, processing takes between six and 24 hours (the fate of a fellow-suffering Portuguese) or one-two weeks (agent for Italian firm with equipment for the Olympics). In my own experience, paying a handling charge of £5.50 (this is not the freight charge) after waiting five hours appears an insult.

I was informed by British Airways stores staff that their own urgent freight was sent by other carriers because of the delays. Cargo handling staff were aware of the terrible service and full of recriminations as to its causes.

John Sergeant.
Lecturer.
School of Environmental Studies,
University College London,
*Wates House,
22, Gordon Street, W.C.1.*

## Tory party candidates

*From Mr. J. Cawdry.*

Sir,—As usual the two main political parties will try to see some electoral advantage in the result of the Coventry North-West by-election. The fact is that on its present record the Government should not have won the seat and indeed did not deserve to do so. The swing to the Conservatives was simply not good enough at this stage in the life of the Government. They should have won the seat. Mr. David Palmer in his article (March 3) has hit the nail on the head. In Mr. Geoffrey Robinson the Labour party had an outstanding (moderate) candidate. It was a personal victory for him and not the party that he represented. The Conservative candidate was quite unsuitable and to quote Mr. Palmer "in a big South Coast constituency . . . the local gentry would lap him up." He should have stood down.

There is a moral in this for the Conservative Party. For far too long Conservative Central Office has churned out numerous candidates ranging from barristers, merchant bankers, underwriters, military men, backroom boys with aristocratic and Eton, Oxford and Cambridge connections. They have been allowed to penetrate from the Southern Midlands Northwards trying to represent a constituency with which they have nothing in common. Although they may have admirable qualities, and a polished performance will soon persuade the local party organisation to adopt them, they are lacking in appeal to the average voter. This is what it is about, after all.

If the Conservative Party is to make any headway at all it must improve the type and calibre of its candidates. If it does this it will have learned the real lesson of the Coventry North-West by-election.

J. A. G. Cawdry,
*Hillside,
11, Blackley Road,
Elland, W. Yorkshire.*

## Marketing and engineering

*From the chairman, Acrow Engineers.*

Sir,—I cannot accept the criticism of Mr. Peter Quinn (March 8) on the failure of Britain's engineering industries. Surely Mr. Quinn must know that Britain's engineering industries are one of the biggest contributors to Britain's balance of payments.

As to his accusation that the best marketing talents are not available to the engineering industries (as a result of which Britain is rapidly losing out to foreign suppliers), how does he reconcile this with Coles Cranes, being Europe's largest manufacturers of mobile cranes, Thos. Storey — the world's largest makers of prefabricated bridges and Acrow—the world's largest makers of form-work for the construction industry?

My company has a turnover of £100m. and exports of £50m., and this certainly could not be achieved without the expertise which Mr. Peter Quinn says Britain's engineering industries lack.

W. A. de Vigier.
*8, South Wharf, W.2.*

## Better use of resources

*From Mr. K. Swann*

Sir,—Mr. Quinn's letter of March 8 suggesting the need for a mass migration of marketing talent from our competitive consumer industries into Britain's engineering industry is a view I would tend to support, there should be more emphasis placed on marketing within the engineering industry and perhaps more support and provision should be directed towards graduate training in "marketing engineering."

One cannot however, support Mr. Quinn's assertion that the failure of Britain's engineering industries is as much a *marketing failure* as an industrial relations or an investment failure as one would not accept any of these as the major factors. We should examine the evidence which indicates more likely reasons for the industry's decline.

If one examines the investment in manufacturing as a percentage of manufacturing output the U.K. is not at the bottom of the league, the ranking being Japan, Italy, Sweden, France, U.K., West Germany, U.S. Perhaps one could argue the need for further investment but the really disturbing aspect of the analysis of investment is the ranking in terms of increments in manufacturing output per increment in investment, it is then we see the real problem of the industry — the ranking being Japan, West Germany, France, Italy, Sweden, U.S. and the U.K. In short, investment or the lack of sufficient investment, will not on its own project the U.K. manufacturing industry into a more competitive situation, we are simply not getting as much out of our resources as are other industrial societies. No wonder our percentage share of world trade in manufacturing goods dropped from 15.3 per cent. to 8.8 per cent. from 1963 to 1974.

Greater utilisation of resources and the management of the country's productive resources is where we should direct our attention, asking very searching questions regarding the inability of the industry to recruit well qualified entrants in sufficient numbers. The evidence available to support the view that we do not utilise our resources efficiently is considerable and, I would repeat, it is high time that as a nation we realise the true importance of the production management function with respect to wealth generation and accept it, as in other European countries, as a high status, professional activity requiring high calibre, high salaried, well trained managers.

K. Swann,
Head of Department,
Manchester Polytechnic,
*Hilton House, Hilton Street, Manchester.*

## A dish of many colours

*From Mr. O. Bullock*

Sir,—The story of the Chinese Armorial Service decorated with the customer's instructions for colouring is certainly not, as suggested by Janet Marsh (February 21), apocryphal.

The Metropolitan Museum of Art in New York recently acquired a large Chinese dish of about 1718-20, decorated in underglaze-blue with the arms of Harrison impaling Bray (reflecting the Marriage of the Couple), and also bearing a number of small lines pointing to various areas of the arms, each accompanied by abbreviations for either azure, argent, sable or gules (which are the heraldic equivalents of blue, silver/white, black and red, respectively).

Even if they had spoken perfect English, I suspect they would have found these instructions confusing!

Osmund Bullock,
*17, Deodar Road,
Putney, S.W.15.*

## Fashions in theories

*From Mr. M. Barnato*

Sir,—The article "Public spending not the root of all evil" (March 4) effectively showed the errors of the current preoccupation of the "scapegoat syndromers" with public expenditure. This preoccupation seems to be one aspect of the traditional fallacy of postulating a sole cause for a complex of effects. Waves of economic fashion seem to appear every few years to be hailed each in its turn as the new "truth"—one thinks of Monetarism, the New Cambridge, Planning and most recently the New Oxford theories in this context.

All the theories have been, and are still inadequate as total explanations and the keenness of economists to embrace one of the opposing theories, very often in its simplistic form has perpetuated the fallacy of choosing between extreme alternatives. Surely it is time to recognise that none of these theories individually is an adequate guide for policy? For example, monetarism suffers from substantial variations in the income velocity of circulation and the problems of choosing a suitable definition of money. The New Cambridge cannot reconcile the combination of high public sector deficit with a reduced current account deficit. Supporters of the New Oxford theories frequently neglect the distinction between public expenditure (which adds to aggregate demand) and transfer payments (which redistribute any given total) etc. Macro-economic forecasters have also been heavily influenced by fashion.

As Professor Samuelson wrote (Financial Times, January 1973): "A certain common number becomes the forecast of the fashionable mob, but this should not reduce one into a false level of confidence. Economists always average closer agreement with each other than with the subsequent truth."

The excessive product differentiation currently practised by economists together with the preoccupation with finding the Philosopher's Stone of a neat, simple, precise, unicausal explanation for complex economic, political and social factors and behaviour does no good for the economic profession and nothing but harm to the quality of policy advice given by economists to industry, commerce and government.

Michael Barnato.
*Flat 1, 10, Abbey Gardens,
St. John's Wood, N.W.8.*

## Felixstowe Docks

*From Councillor G. Woollard*

Sir,—Now that the takeover of Felixstowe Docks by the British Transport Docks Board has run into such fierce opposition, I hope that the higher bid by European Ferries will enable common sense to prevail among all concerned in this hitherto messy business.

There is no doubt that the company's interests, the workers interests, and the nation's interests have been best served by the port being run by free enterprise, and there is no reason to doubt that this can continue in the future.

Assuming that European Ferries is successful in its bid—and shareholders would be mad not to accept—the argument will shift to Parliament, and I hope readers will write to their MPs, of all parties, urging just plain common sense on them, so that in these times of economic stringency, it will not be necessary for a public authority to dole out millions of pounds on an unnecessary, unwanted operation as near to straight nationalisation as makes no odds.

Let Felixstowe please get on with the job it is so good at.

Geoffrey Woollard.
*Chalk Farm,
Bottisham, Cambridgeshire.*

## Added value benefits

*From Mr. W. Grey*

Sir,—Like Mr. E. G. Wood (March 1) and Dr. Frank Jones before him (report, February 26), I recognise the importance of the added value concept as a measure of company performance, and regret its general absence from U.K. company accounts.

Yet it ought not to be left to the Central Statistical Office, or to independent researchers, to fill the gap. What companies in other countries do regularly in their accounts, for the enlightenment of their shareholders and others, surely U.K. companies should be willing, as doubtless they are able, to do also.

Perhaps such a simple innovation would in the end, do more for the profitability of British industry, and at less cost, than all the effort—hopefully now unnecessary—being put into inflation accounting, whose benefits to some would, other things remaining equal, have to be paid for by others.

W. Grey,
*12, Arden Road,
Finchley, N.3.*

## To-day's Events

GENERAL

CBI evidence to Bullock committee on industrial democracy.

Smith-Nkomo constitutional talks resume in Salisbury.

Mr. M. Kibaki, Kenyan Minister of Finance, and Dr. M. Waiyaki, Foreign Minister, in London for talks with British Ministers.

Royal Commission on Press hears oral evidence from Institute of Journalists and the Guardian, Waldorf Hotel, W.C.2.

House of Commons Select Committee meetings include Science and Technology, Swan Hunter Shipbuilders: and Public Expenditure on Chrysler (U.K.).

Sir Richard Marsh, chairman of British Railways Board, is guest of honour at Brazilian Chamber of Commerce lunch, Quaglino's.

Pensions' and trade unions' action committee rally, Central Hall, Westminster.

Queens opens new headquarters on British Academy of Film and TV Arts, 195, Piccadilly, W.

OFFICIAL STATISTICS

Fourth quarter public sector borrowing requirement.

PARLIAMENTARY BUSINESS

House of Commons: Debate continues on White Paper on Public Expenditure 1979-80. Motion on EEC Documents on Proteins.

House of Lords: Debate on disincentive effects on present level of taxation.

COMPANY RESULTS

AAH (half-year).

BTR (full year).

Steetley (full year).

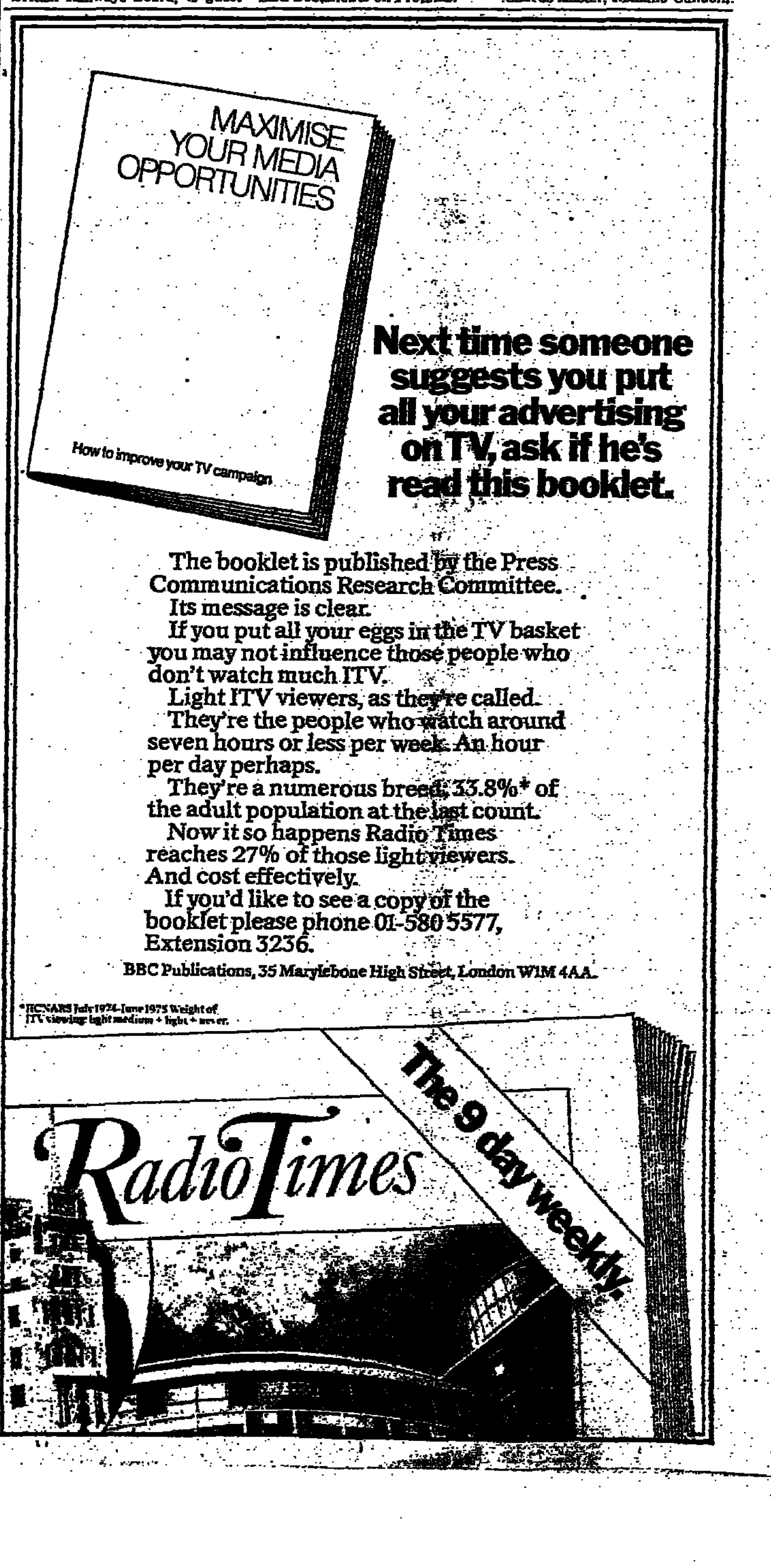
COMPANY MEETINGS

Pratt (F.) Engineering Corporation, 5, Belgrave Square, S.W., 12.

United States and General Trust Corporation, Bucklersbury House, E.C., 2.30.

OPERA

La Scala Milan performance of Verdi Requiem, Opera House, Covent Garden, W.C.2, 8 p.m. Conductor, Claudio Abbado, Chorus Master, Romano Gandolfi.



# COMPANY NEWS + COMMENT

## United Biscuits jumps 61.6% to £22.28m.

INCLUDING exceptional credits of £438,000, pre-tax profits of United Biscuits (Holdings) advanced by 61.6 per cent. from £13.81m. to £22.28m. in the 53 weeks to January 3, 1976, after a rise from £4.37m. to £8.16m. in the first 28 weeks. Sales for the year expanded by 31.8 per cent. to £430.5m.

Earnings are shown to be up from 8.3p to 12.2p per 25p share and, as forecast with the one-for-four rights issue last May, the dividend is lifted from 2.26242p to 2.828p net with a final payment of 1.414p.

The chairman, Mr. Hector Laing, tells members that while a major part of the increases came from the U.S., the U.K. operations also had a satisfactory year. Overseas sales rose by 47.1 per cent. to £170.3m. and of trading profits—£25.6m. against £19.3m.—the overseas contribution was £7.2m. compared with £3.9m.

The "excellent trading performance," together with the proceeds of the rights issue—some £14m.—and the sale of some activities in Europe, have "substantially strengthened our balance sheet and reduced our interest charges significantly," says Mr. Laing.

Looking to the future, the chairman reports that the 1976 budget shows another increase in profits and he believes this to be realistic. "We have had a very good start to the year," he says.

In the U.K. the group's major products "continue to dominate the biscuit market" and there is opportunity for considerable growth potential in the crisp, nut and savoury snack sector. The cake market continues to experience difficulties as does D. S. Crawford the restaurant and bakery business, but "when the upturn in the economy comes, these two relatively small sectors of our business will benefit."

In the U.S. the Keebler Company has performed "outstandingly well" in 1975 and it has a strong position in the biscuit market where volume is expanding.

The business in Japan continues to show considerable growth, and "we remain delighted with our partnership with Meiji," declares Mr. Laing.

There are still "considerable problems" in Spain but there are a number of factors which give "grounds for guarded optimism," he adds.

| | 1975 £000 | 1974 £000 |
|---|---|---|
| Turnover | 430,500 | 326,500 |
| Trading profit | 25,535 | 19,277 |
| Interest | 3,745 | 5,467 |
| Share associates | 46 | *5 |
| Exceptional credits† | 438 | — |
| Profit before tax | 22,276 | 13,805 |
| Tax | 11,379 | 7,360 |
| Net profit | 10,897 | 6,445 |
| Outside holders loss | — | 216 |
| Extraordinary debits‡ | 701 | 2,204 |
| Attributable to holders | 10,196 | 4,457 |
| Dividends | 2,725 | 1,720 |
| Undistributed | 7,471 | 2,737 |

*Loss. † Comprises net surplus on disposal of properties £854,000 less provisions for closures of factories and depots £416,000. ‡ Comprises goodwill written off in respect of European subsidiaries £516,000 (£2,472,000), deficit arising from disposal of subsidiaries £74,000 (£1,746,000 surplus), provision against fall in value of other investments nil (£744,000) and exchange differences £109,000 (£734,000).

Statement, Page 23

See Lex

### ALLIANCE INV. DOLLAR LOAN

Alliance Investment Company has arranged to borrow U.S.$500,000 for one year from Morgan Guaranty Trust, of New York, to finance overseas portfolio investment.

## HIGHLIGHTS

Fisons has turned in a reasonable profits performance with the pharmaceutical side back on a growth tack. The company is also making a one for four rights issue to raise £20m. Amalgamated Investment and Property has asked for its share quotation to be suspended pending negotiations with its bankers. Lex also takes a look at United Biscuits where profits are substantially higher reflecting a good second half in the U.K. and the inclusion of a full year from the U.S. acquisition. Transport Development Group managed to check the slide in profits in the second half thanks to an improved competitive climate but Inveresk Group was unable to avoid a slip into losses in its second six months leaving the overall balance some 80 per cent. lower. BSR's profits are 30 per cent. lower but the second-half trend suggests that recovery is on the cards for the current year.

## Armstrong Equipment up midway

DESPITE A reduction in supplies to original equipment manufacturers, and in particular the difficulties experienced by one of the major car manufacturers, rapid progress has continued to be made at Armstrong Equipment, with external sales showing a 27.7 per cent. increase to £18.45m. and pre-tax profit a 32.8 per cent. advance to £1.81m. for the half-year to December 28, 1975.

And Mr. J. H. Hooper, chairman, says there are no presently known circumstances which should prevent continued progress in the second half.

The interim dividend per 10p share is 0.66p net, compared with 0.6p (paid in two instalments) and absorbs £226,744. This is equal to 1.015p (0.806p) gross—last year's total was 1.6876p net from record profits of £3.05m.

First half tax takes £0.95m., compared with £0.72m., leaving £0.86m. (£0.64m.).

The further reduction in operating levels in the early part of the year which resulted in some short-time working acted as a spur to improve organisational and manufacturing efficiency, states Mr. Hooper.

In the specialised fastenings division, the general turndown in manufacturing industry, together with destocking, had its effect in reducing demand, but again continued improvements in manufacturing efficiency have reduced the impact, and there is now a small lift up in demand with the end of inventory reduction programmes. This division is highly equipped and "well poised to take advantage of a lift in demand as the economy improves."

The automotive parts distribution companies continued to grow at a rapid rate and he expects that by the end of the full year the growth targets for this division will have been achieved.

Although the overseas operations contributed little to the half year's results, most are geared to achieve greater output and sales in the second half, and a greater contribution is expected during that period, he says.

Sales of automotive replacement parts from the manufacturing companies are at a much higher level than a year ago, while exports have remained "buoyant."

### ● comment

Armstrong Equipment's interim profits—almost a third higher before tax—reveal that the group is still reaping the benefits from its recent expansion into the automotive replacement market. Over the last couple of years the group has reduced its manufacturing side's dependence on original equipment from 85 per cent. to less than half, and has also rapidly developed its distribution set up; after doubling its number of outlets from 30 to 60 last year, the group is aiming to open a further 60 by the end of 1975-76. A pre-tax total of around £4m. looks in prospect for the current year and the group's financial position has remained strong. Borrowings have been significantly reduced since the £5½m. net level in the last balance sheet and the group still has an untapped borrowing facility of around £6m. available. However, it is doubtful whether the shares which have risen 57 per cent. to 70½p in the last six months can move much higher on a maximum yield of just 4 per cent., despite the fact that it will probably be covered 4½ times by prospective earnings.

## Sharp fall by Small & Tidmas

TURNOVER OF textile manufacturers John C. Small and Tidmas improved slightly from £2.41m. to £2.66m. in 1975 but pre-tax profit dropped sharply from £224,756 to £69,911. Tax takes £35,538, against £117,848.

When reporting first half profit down from £107,260 to £21,053, the directors said that if trading was maintained they looked forward to "an improvement in the second half." In the event profit in that period was £48,858, compared with £117,496.

Stated earnings per 25p share for the year are 2.86p (8.52p) and dividend total is 2p net, against 2.325p equivalent, with a final of 1p.

## TDG down by £1.43m.: 10% scrip

ON A TURNOVER up from £119.34m. to £129.35m., pre-tax profit of Transport Development Group decreased from £13.56m. to £12.12m., in 1975, after a first-half downturn from £7.02m. to £5.6m.

Stated earnings per 25p share, excluding extra-ordinary items, decreased from 5.89p to 5.29p for the year, the dividend is raised from 2.674p to 2.8535p net with a final of 1.916p, and a one-for-ten scrip issue is proposed.

As to the current year's outlook the directors report that on the mainland of Europe profits are improving and in Australia the return of business confidence, following the recent change of Government, is noticeable. But in the U.K. there are as yet few signs of revival and it would be unreasonable at this juncture to expect an overall increase in profit for the first six months.

| | 1975 £000 | 1974 £000 |
|---|---|---|
| Turnover | 129,354 | 119,344 |
| Depreciation | 7,415 | 6,123 |
| Loan cap. interest | 1,345 | 1,872 |
| Profit before tax | 12,122 | 13,556 |
| Taxation | 5,462 | 6,207 |
| Minorities | 157 | 151 |
| Attributable | 6,473 | 7,198 |
| Preference dividend | 73 | 73 |
| Ordinary | 2,445 | 3,221 |
| Extraordinary credits | 957 | *1,752 |
| Balance | 3,954 | 2,357 |

* Debits.

Tax comprises (£000s omitted) U.K. corporation tax £3,924 (£2,899) less double tax relief £112 (£130), overseas tax £1,126 (£1,081), tax equalisation £609 (£2,347), previous years' credit £85 (£10 debits). Extra-ordinary items (£000s omitted) are profit on sale of properties less tax £258 (£291), surplus arising on conversion to sterling of overseas net tangible asest £901 (deficit £934), provision to write down investments of an overseas subsidiary £172 (£424), additional provision for deferred tax on change in rate of corporation tax nil (£285).

### ● comment

Transport Development Group has benefited from a reduction in the number of small competitors in the road haulage business and this helps to account for the almost maintained profits performance in the second half after the 20 per cent. fall in the first. But with a two-thirds reduction in business in Europe over the year (an almost full recovery here has now reportedly taken place) margins were still two points lower; although the traditionally most profitable storage and transport side increased its profits contribution to more than 51 per cent. from 44 per cent. The exhibitions and engineering side, by contrast, reduced its contribution from 16 per cent. to 10 per cent. as a result of the building recession. Meanwhile, net liquid assets are around 2½ times up on the £4.2m. recorded in the previous year although interest charges were slightly higher as a result of financing purchases overseas. The better than expected figures sent the shares up 4p to 59p to yield 7.7 per cent. covered 1.85 times. The PE is 10.79.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Armstrong Equipt. ...int. | 0.66 | May 14 | 0.6 | — | 1.69 |
| BSR | 1.72 | April 30 | 1.58 | 2.29 | 2.14 |
| Davies and Metcalfe | 0.6 | April 21 | 0.41 | 1 | 0.81 |
| De Beers Cons. | 20 | April 30 | 17 | 28 | 25 |
| De Beers Ind. | 40(b) | April 30 | 35 | 62.5 | 57.5 |
| Fisons | 6.07 | July 2 | 5.82 | 10.47 | 9.82 |
| Inveresk Group | 3.11 | April 23 | 3.11 | 4.36 | 4.36 |
| Investment Tst. G'nsey | 3.5(a) | May 1 | 3.0 | 5.25 | 4.75 |
| Scottish Northern Trust | 1.5 | May 12 | 1.5 | 2.31 | 2.34 |
| Small and Tidmas | 1 | May 17 | 1.19 | 2 | 2.33* |
| R. R. Stockfis | 4.23 | — | 4.34 | 6.23 | 5.34 |
| Transport Development | 1.92 | May 14 | 1.74 | 2.85 | 2.67 |
| United Biscuits | 1.41† | July 1 | 1.08 | 2.83† | 2.26 |

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Gross throughout. (b) South African cents.

## Inveresk loss in second half

A LOSS of £11,000, against a pre-tax profit of £2.1m., in the 28 weeks to December 31, 1975 pushed the profit of Inveresk Group down from £4.66m. to £1.27m. for the year. External sales decreased from £37.89m. to £34.62m.

Stated earnings per 50p share were down from 29.5p to 7.6p on a net basis and from 31.4p to 8.8p on a nil basis. On the basis of a notional full tax charge they are shown at 3.8p (16.2p). A final dividend of 3.105p makes a same again net total of 4.355p.

Commenting on the results the directors state that most customers considerably reduced excessively high stock levels built up during 1974. The reduction in sales volume against a background of lower economic activity and continuing inflationary pressure produced the severe contraction of profit.

| | 1975 £000 | 1974 £000 |
|---|---|---|
| External sales | 34,627 | 37,888 |
| Rental income | 241 | 183 |
| Provisions written back | 250 | — |
| Plant hire charges | 117 | 101 |
| Operating profit | 1,866 | 5,067 |
| Depreciation | 692 | 591 |
| Int. and div. income | 73 | 413 |
| Interest payable | 251 | 69 |
| Profit | 986 | 4,820 |
| Exceptional credits | 279 | *161 |
| Profit before tax | 1,265 | 4,659 |
| Taxation | 160 | 687 |
| Minority interests | — | 2 |
| Net balance | 1,105 | 3,970 |
| Preference dividend | 105 | 105 |
| Ordinary | 573 | 572 |
| Retained | 427 | 3,293 |

* Debits.

While paper and board selling prices remained reasonably firm for most of the year, it was not possible to reflect the extra cost in terms of sterling of the main raw material, woodpulp, which was mainly priced in U.S. dollars or Swedish kroner. The decline in the value of the pound during the year resulted in an effective increase in raw material costs.

The group will continue to practice rigid economies in 1976. But in the short term, the level of profitability will depend upon whether market conditions will permit at least a major part of additional costs of imported raw materials to be recovered by appropriate increases in selling prices.

Customers' stocks have now been substantially reduced and demand for packaging materials and converted products "is showing encouraging improvement." A sustained increase in general demand is unlikely to be shown during the first half but there should be an improvement in activity during the second. The group is "well placed" to take full advantage of any such improvement.

Exceptional items (£000s omitted) comprise profit on sale of shares of Georgia-Pacific Corporation £464 (£255); profits less losses on disposal of fixed assets £32 (£70); surplus arising on purchase and cancellation of unsecured loan stock £36 (same), rationalisation charge £233 (nil), provision for pension scheme deficits and augmentation nil (£456), plant obsolescence nil (£66).

### ● comment

Despite its strenuous attempts to escape the paper cycle, through diversification on both a product and activity basis, Inveresk has not escaped second half losses to leave pre-tax profits (before exceptionals, but after a £552,000 turnround to interest payable) some 80 per cent. lower. Indeed, after excluding a 48 per cent. increase in rental income and a £½m. write-back of a previous year's provision, profits are barely a tenth of 1974 levels. All this is in line with a drop in industry volume of over a third (on some estimates) and ironically it is the specialist, higher value-added lines, which have suffered the most. The performance of sterling in 1975 (down 7 per cent. against the Kroner and twice that against the Dollar) has not eased the paper/pulp "pincer" on margins; and the recent rise in dollar-denominated pulp prices could help to counteract the gearing effects of a rise in volume and a mooted 10 per cent. U.K. industry price increase in April. Against this, the Northfleet estate is not yet fully let and the group has 30,000 Georgia-Pacific shares remaining. Over the long haul, a nearly twice covered yield of 10.7 per cent. at 68p, down 3½p last night, has its attractions, and the balance sheet is still firm enough.

## Neil & Spencer in profit

A TURNROUND from a loss of £156,000 to a profit of £134,000 is announced by Neil and Spencer Holdings, makers of laundry machinery, for the year to November 30, 1975. Stated earnings per 10p share are 3p, compared with a loss of 6.7p.

In view of continuing adverse economic circumstances, the directors say it would be inappropriate to recommend a dividend at this stage—the last payments totalled 2.02124p in the year 1972/73.

Chairman, Mr. J. J. Boex, states that during the first quarter of 1976, turnover is about 20 per cent. higher than for the same period last year, the order book shows a "worthwhile" improvement and liquidity is satisfactory.

Continuing rising costs will make 1976 another difficult year, but the process of reorganisation continues, and the directors look to the future with confidence.

The year's sales declined from £6.05m. to £5.76m. The profit is struck after lower loan stock interest of £67,000 (£74,000), exceptional items of £38,000 (nil) and during 1973-74 only special research and development costs of £145,000 and £147,000 other costs.

Tax takes £51,000 (£29,000) leaving £83,000 (£185,000 loss). There is an extraordinary item of £116,000 (nil) relating to a surplus on the purchase and cancellation of loan stock.

## Weyburn off to good start

A HIGHLY satisfactory start to the current year has been made by Weyburn Engineering, with management accounts for the first quarter showing record results.

This was reported to the annual meeting by the chairman Mr. P. R. Royston. He went on to say that all group factories were working to current capacity and further new plant was coming on stream shortly.

The new acquisition at Tonbridge had been fully integrated and the rationalisation programme effected with other manufacturing units was proving extremely beneficial.

Completion of the acquisition of Camshaft Specialities Inc. of Michigan, will be completed on March 29. This opened up a "vast new market" for Weyburn products to be manufactured on both sides of the Atlantic.

## Futura sees lower outcome

Profits of Futura Holdings, footwear manufacturers, are expected to be about £163,000 for the year 1975, compared with £189,105 the previous year, report the directors.

The order book for the current year is satisfactory but in view of the uncertain economic situation it is extremely difficult to make any forecast for 1976, they add.

### WINDING-UP ORDERS

Orders for the compulsory winding up of 56 companies have been made by Mr. Justice Brightman in the High Court.

## Scottish Northern Trust

REVENUE for the year to February 5, 1976, of Scottish Northern Investment Trust was £1,302,347, compared with £1,131,256, subject to tax of £475,231, against £416,830.

Stated earnings are up from 1.92p to 2.24p per 25p share and final dividend is 1.5p net, making a total of 2.3125p (2.3375p) or 3.55E69p gross (same). Net asset value per share at year-end was 97.12p (58.73p).

# ISSUE NEWS AND COMM

## Staflex 2-for-7 rights at 38p

Staflex International is raising £1.34m., or £1.27m. after expenses, by a rights issue of 3,518,012 Ordinary shares on the basis of two-for-seven at 38p per share. The directors also indicate that pre-tax profits for the year to December 31, 1975 are £1.95m. against £1.89m. Proceeds of the issue will be used to reduce overall bank borrowings—total indebtedness at January 31 was a net £7.4m.—and strengthened the group's capital base.

During the latter part of 1975 the company completed the reorganisation of its factories in both the U.K. and the Netherlands at a total cost, including £1m. spent on buildings, of about £3.4m. The directors have decided to write-off half of this during 1975 as exceptional items and the balance in equal proportions over the next four years. The chairman, Mr. I. N. Bellow, indicates that substantial benefits of the reorganisation are already beginning to flow.

The full year's profit was struck after associated companies' net losses of £125,000 (nil) and sundry income £95,000 (£159,000). After tax £800,000 (£695,000) and pre-acquisition profits £40,000 (£3,000) and minorities £30,000 (£10,000), the net profit was £1.08m. (£1.18m.). Extraordinary items of £585,000 (£199,000) are taken below the line and earnings on the actual tax charge are 9.4p (10.5p).

On the basis of the profits forecast the directors expect to recommend a final dividend of 1.7p net to make a total of 2.9p (2.2235p) per share, or an increase at the gross level of 32 per cent.

An EGM is called for March 25 to consider an increase in the authorised capital. The issue has been underwritten by Kleinwort Benson and brokers are Rowe and Pitman, Hurst-Brown. Dealings are expected to commence on March 26.

### ● comment

Staflex is raising £1¼m. in order to trim borrowings down to the December, 1974, level of £6¼m. after a year of considerable expenditure on the reorganisation both at home and in the Netherlands. A modest profit advance for 1975 is also announced but it is 1976 where growth is really anticipated. The benefits of the recent developments should work through along with the elimination of associates losses while sound potential is offered in markets outside Europe, where penetration of fusible interlinings is much smaller. The profits performance will, however, be flattered by Staflex's treatment of the expansion costs: the benefits will be flowing into the pre-tax figure but the costs are being offset below the line. Still, shareholders are offered an ex-rights yield of 9 per cent. on yesterday's price of 53p, more than 2½ points above the historic figure.

### SHORT TERM LOCAL LOANS

The coupon rate on this week's batch of local authority yearling bonds is unchanged at 10⅞ per cent. This week's issues are due on March 16, 1977 at par.

This week's issues are: Grimsby Borough Council (£½m.), Allerdale District Council (£½m.), Beverley Borough Council (£½m.), City of Bradford Metropolitan Council (£½m.), Hart District Council (£½m.), Kyle and Carrick District Council (£½m.), Surrey County Council (£1m.), Eastbourne Borough Council (£½m.), Greater Manchester Passenger Transport Executive (£½m.), Merseyside Passenger Transport Executive (£1m.), City of Stoke-on-Trent (£1m.), Doncaster Metropolitan Borough Council (£1m.), Tiverton District Council (£½m.), Radnor District Council (£½m.), Borough Council (£ Oxfordshire Distri (£½m.), Metropolitan Stockport (£½m.), District Council (£½m District Council Glamorgan Coun (£1½m.), Thurrock B cil (£½m.), West Mi politan County Co Kirklees Metropolit Council (£½m.), Lon of Richmond upon T Borough of Black Borough of Middlesb West Dorset Dis (£½m.), City of Sal Tweeddale Distr (£½m.), South Wi Council (£½m.).

Watford Borough raised £½m. by the per cent. bonds due 1977 at par, and County Council has by an issue of 11⅛ p due March 8, 1978 a

### SUTTON D £99.67 AVE

Sutton District Wa offer for sale by t of 8 per cent. Redee ence Stock 1981 att tions for £6,680,000 average price was highest was £100.1 lowest accepted wa ings are expected to

### CAMPARI S DIVIDEND

Following last we ment that holders were to be offere cash or shares in interim dividend, the basis of the sh have now been sent

For trustee sta cash dividend of will be paid on the existing capital shares in respect of opt to receive the The scrip dividend the basis of one share for every March 12 in respect election is made.

Terms have been a price of 25.833p fo being the averag market quotations the last dealing day six months immedi the announcement on March 1.

On the basis o market quotation o 31p the value of dend (including would be 1.01p p pared with the cas 0.858p.

Elections to rece dividend should be later than March 2 all holders elect scrip dividend, 177, will fall to be issu an increase of 2.93 existing capital.

Extra-ordinary Someton Road, N. 11 a.m.

### TRALFALGA

Trafalgar House nounces that follow of the final conver scription rights att 9½ per cent. Unsecu 2000/05 the Trustee have informed Traf intend to impleme contained in the subscribe for ordi Trafalgar on behalf all unexercised subs outstanding at Marc

The new ordinary falgar will be sold premium over the c tion will be distribu the holders of the o scription rights enti


# "Work Performed and Profit at Record Levels"

**Profits exceed £7 million**

Work performed by the company rose to the record level of £144 million in 1975, although inflation accounted for a proportion of the rise. Profits were also at a record level, exceeding £7 million for the first time, and would have been higher but for losses on two major civil engineering contracts in the United Kingdom and heavy start up costs on certain overseas contracts. In this context I believe we have had a good year.

The results in the United Kingdom were significantly affected by the weather. In the early part of the year we had a wet, miserable winter and spring, but the wonderful summer and autumn more than made up for this.

Our liquidity, which has stood us in such good stead through difficult times, improved still further during the year and cash in hand is at a record level.

Our work load at home and overseas is satisfactory and I am reasonably confident about 1975/76. We have an excellent case for recovering at least a substantial part of the losses on contracts referred to above. Further ahead there must be some doubts about the availability of work in Britain and the price at which it can be obtained. With this in view we are making good progress with the development of our overseas activities, although the difficulties in developing rapidly internationally, even for a company such as our own that is well experienced in overseas work, should not be underestimated.

**Sir Alfred McAlpine & Son (Northern) Limited**

The company had a good year and the forward order position is sound, particularly with the award after the year end of the largest civil engineering contract ever let in Britain, the Dinorwic hydro electric pumped storage scheme. This contract, valued at £60 million at January 1975 prices, will take four to five years to complete and contains an inflation clause which will give us some protection and mean that the final contract figure will be considerably higher.

**Sir Alfred McAlpine & Son (Southern) Limited**

The company also had a good year and has a sound order book although the Midlands have recently been particularly affected by the recession and lack of new industrial development. It is to be hoped that the resultant shortage of industrial orders will not last for too long a period.

**Sir Alfred McAlpine (International) Limited**

Considerable progress has been made towards promoting work in the Sudan, the United Arab Emirates, Saudi Arabia, and Nigeria. In Iran design work on the Tehran-Tabriz railway project is proceeding, and though we have no stake in the design it is anticipated that we will share in the construction work when it starts. The award after the year end of the first stage of the Kenana Sugar contract, an earthworks contract valued at over £20 million, has given a boost to the company's activities and it is anticipated a number of further orders in the Middle East will be obtained during the current year.

**Future Prospects**

Whilst our forward workload is fractionally below the equivalent at this time last year in real terms it should present no problem for the coming year. I have already referred to the necessity to increase workload overseas as a cushion against the wide fluctuations which successive Governments give to public work at home. Whilst nothing in the construction industry is wholly predictable I shall be very disappointed if we do not make further progress with profits in the current year, which has started satisfactorily. Generally the company has made very good progress and should certainly continue to do so in the immediate future.

My confidence is enhanced by the capability of our staff and workforce, who continue to produce excellent results under very difficult circumstances and I should very much like to thank them all for their efforts.

A. J. McAlpine,
Chairman.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31st October 1975**

| | 1975 £ | 1974 £ |
|---|---|---|
| Turnover | 144,321,000 | 98,272,000 |
| Profit before taxation and extraordinary items | 7,014,118 | 5,231,612 |
| Taxation | 3,666,797 | 2,515,510 |
| Profit before extraordinary items | 3,347,321 | 2,716,102 |
| Extraordinary items | 147,046 | (785,811) |
| Minority interests | 11,730 | 30,384 |
| Profit attributable to shareholders | 3,506,097 | 1,960,675 |
| Dividends | 482,404 | 444,922 |
| Undistributed profit | 3,023,693 | 1,515,753 |

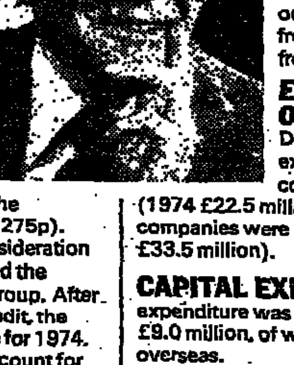
# MARCHWIEL HOLDINGS LIMITED

Controlling Sir Alfred McAlpine & Son Limited



# Carrington Viyella L

*Extracts from the Statement by the Chairman, Mr. L. Regan, and the Directors' Report for the year ended 31 December, 1975*



**TRADING RESULTS AND DIVIDENDS**

Trading profit for the year before reorganisation costs and interest amounted to £12,055,000 (1974 £14,847,000). Profit before taxation and extraordinary items amounted to £5,561,000 (1974 £9,016,000).

The interim dividend of 0.4875p per share was paid on 1 January 1976. The directors are recommending the payment of a final dividend of 1.225p per share bringing the total dividend on the ordinary shares to 1.7125p (1974 1.7275p). This decision was arrived at after consideration of the reduced borrowing position and the better prospects anticipated for the Group. After taking into account the related tax credit, the 1975 dividends are the same as those for 1974.

The gross charge to profit and loss account for both reorganisation and rationalisation costs was £2,754,000 (1974 £335,000).

The return on capital for the year (before charging reorganisation and rationalisation costs) was 9.0% (1974 11.7%).

External sales in 1975 were £232,776,000, being 15% greater than in 1974.

**REVIEW OF YEAR'S OPERATIONS**

Throughout the world 1975 has proved to be the most difficult year the textile industry has had to face for many years.

Trading conditions had begun to deteriorate towards the end of 1974 and were expected to progress accordingly during 1975. In view of this, it was decided, for commercial and financial reasons, to contain stock levels. This resulted in short time working in the early part of the year, which, together with the poor trading conditions, had the inevitable adverse effect on profits. The beneficial results of this action are shown in stock levels, which in spite of inflation are similar to those at the end of 1974, and total Group borrowings which have been reduced during the year by £2 million.

It was also necessary to ensure that the Company should be strengthened in order to take better advantage of improved trading conditi It was therefore decided withdraw from certain m and loss-making operatio implement the closure of our plants. The benefits o from these actions will b from 1976 onwards.

**EXPORTS AND OVERSEAS COMP**

Despite the world-wide exports from United King companies were £22.2 m (1974 £22.5 million). The sales of the ov companies were £40.8 million (1974 £33.5 million).

**CAPITAL EXPENDITURE** Group expenditure was slightly less than in 197 £9.0 million, of which £1.7 million was overseas.

During the next two years we shall inves greater proportion of funds in the garmen factories. When this programme has bee completed, substantial productivity gain have been achieved, giving increased production of garments from modernised re-equipped factories.

**OUTLOOK** It would appear that the world-wide recession has now levelled general economic problems peculiar to th United Kingdom make it difficult to give forecasts with confidence.

The development of our business is our c concern and, of necessity, changing tradi patterns demand changes in emphasis. W the ability to make these changes.

I believe that one of our most valuable as our merchandising skills in garments, ho furnishings, carpets and fabrics and we w continue to exploit these strengths, supp by the efficient control of production from to finished products.

I am confident that, provided there is no political catastrophe, the benefits of our p and planned capital investment will enabl Company to progress and prosper.

*The Annual General Meeting will be held at The Dorchester, London, on 1 April, 1976.*

Copies of the Annual Report can be obtained upon request to The Secretary, 24 Great Pulteney Street, London W


[ [illegible] من الأصل ]

# BSR second half improvement

[SEC]OND half improvement by [BSR r]educed a first-half shortfall [...]34m. to £4.1m. for the year [to D]ecember 27, 1975, pre-tax amounting to £9.43m.

[Afte]r tax, and extraordinary [item]s of £2.01m., against charges [...]22m., the amount available [for d]istribution came out at [...], compared with £7.26m.

[Earn]ings per 10p share, before [extrao]rdinary items, decreased [from 1]0.08p to 8.75p, and the divi[dend i]s stepped up from 2.14478p [to 2.]387p net with a final of [...]—the maximum permitted.

[As] regards the current trading [positio]n, demand for the products [of the] sound reproduction division [is app]reciably stronger than it was [at this] time last year, and produc[tion i]s running at record levels. [There] are indications that custo[mers], particularly in North [Ameri]ca and Japan, are taking a longer view of their require[ments] in 1976, the directors state. [In a]ddition new units will be [introd]uced throughout the year [which], they hope, will improve the [marke]t share still further.

[But] the outlook for the con[sumer] product division is not so [good] as consumer interest in the [...] as dropped steadily since the [begin]ning of the year, and unless [deman]d improves in the near [future] current production levels [in c]ertain product groups will [have t]o be reappraised, the direc[tors] [ad]d.

| | 1975 | 1974 |
|---|---|---|
| | £ | £ |
| [Groupe]d turnover | 91,398,396 | 81,109,993 |
| [Trading] profit | 10,512,177 | 14,248,217 |
| [Inte]rest paid | 1,115,515 | 331,589 |
| [Gain o]n exchange | 146,853 | *249,531 |
| [Minority in]terest | 114,462 | 122,227 |
| [Profit b]efore tax | 9,429,052 | 13,532,870 |
| [Ta]x | 1,730,818 | 4,449,333 |
| [...]s tax | 1,147,093 | 1,600,808 |
| [...]dit | 6,395,141 | 7,482,790 |
| [Ext]rd. items | 2,017,011 | *222,645 |
| [Ba]lance | 8,512,152 | 7,260,086 |
| [Dividen]ds | 1,689,369 | 1,597,466 |
| [...]d | 97,023,611 | 88,210,228 |

[...]

[The sound prod]uction division contributed [...]m. (£57.16m.) with a balance [of £]9.55m. (£23.95m.) from the [consu]mer products division. As [...]he group turnover the sound [...]. [The s]ound reproduction division [exper]ienced difficult trading con[dition]s due to a severe fall in world demand during the first six months of the year and as Goblin (BVC) was not permitted to increase prices until the benefits of greater efficiency and higher output in earlier years were completely eroded, trading profits were reduced to £10.51m. (£14.25m.) of which £7.45m (£11.68m.) were earned by the sound reproduction division with the consumer products division contributing £3.03m. (£2.58m.).

With interest rates running at high levels and the rate of inflation escalating rapidly through 1975, the cost of financing working capital and acquisitions was such that interest paid exceed that received by £1,115,515 (£331,589). However, due to currency variations, there was a profit on exchange on transactions outwith inter-company current account remittances of £146,853 (loss £249,531).

In view of the sharp decline in the value of the pound sterling particularly, against the U.S. dollar, there was an unrealised gain on revaluation of net current assets of overseas subsidiary companies of £2.02m. after writing off goodwill of £183,790, compared with a loss of £222,645.

## ● comment

BSR is 30 per cent. lower pre-tax but the figures confirm that a substantial recovery is on the way for 1976. Last year's second half produced £8.1m., against £1.3m., £4.9m. and £8.6m. over the three previous halves. And with record changer production going flat out the group could conceivably return this year to profits of over £18m. Meantime, a tax charge down to 31 per cent. is something of a cash-flow bonus for 1975, and the balance sheet is now looking stronger than ever. At 116p the shares yield 3.1 per cent.

## PATERSON ZOCHONIS

As a result of the death of a life tenant of a trust, of which certain of the directors of Paterson Zochonis and Co. were trustees, and the consequential transfer of Ordinary shares to the beneficiaries, the company has ceased to be "close."

# Derek Crouch outlook

IN SPITE of world difficulties, the directors of Derek Crouch (Contractors) look forward to a further successful year's trading, reports chairman Mr. D. C. H. Crouch in his annual statement.

As known, pre-tax profit for the year 1975 increased from £0.93m. to £1.13m. Earnings per 20p share were 6.19p (4.9p) and the dividend is 3.2062p net, compared with 3.005p.

Mr. Crouch says that despite the general recession which has been experienced by the building industry, both turnover and profits in this sector increased.

The company has a substantial workload in opencast mining and is well placed in every way to take advantage of the increased opencast coal programme. Mining operations, both in Northumberland and South Wales, were very disappointing in the first half, but there was a substantial improvement in the second half which has continued into 1976 with production in excess of target and "we see no reason why this should not be maintained."

Chairman's statement, Page 24

# Fisons turns in £16.7m. and raising £20m.

IN ADDITION to reporting profits up by 14½ per cent. to £16.68m. for 1975 Fisons announces plans to raise almost £20m. by way of a one-for-four rights issue at 325p per share.

In the first six months profits went up by some 20 per cent. to £10.2m., but the directors warned that it seemed likely that progress in the second half would be at a lower rate.

At the net attributable level the profit emerges at £8.67m. compared with £7.64m., and earnings per £1 share are stated to be ahead from 30.3p to 36.4p.

The dividend is raised by the maximum permitted—from 9.82p to a 10.465p, with a final of 6.065p.

Commenting on the divisions the directors report that agrochemicals again showed substantial growth. The first sizeable sales of the Nortron herbicide and the Ficam insecticide were made—sales of Ficam in the U.S. are already encouraging. As foreshadowed growth in the second half was slower than in the first.

For the fertilizer division the year was one of markedly changing conditions. In the U.K. bad farming weather caused a slight drop in fertilizer usage, and in the circumstances sales of Fisons fertilizers were satisfactory.

First half export trade volume was satisfactory but, in the developing countries, foreign exchange shortages and high stocks in the pipeline led to a slowing down of deliveries.

In the pharmaceutical division combined sales of Intal and Aarane in their first year in the U.S. grew at a rate comparing favourably with experience in other territories.

| | 1975 | 1974 |
|---|---|---|
| | £000 | £000 |
| External turnover | 215,147 | 202,092 |
| Trading profit | 19,494 | 14,929 |
| Share of associates | 1,185 | 2,282 |
| Total profit | 20,679 | 17,211 |
| Short term interest* | 722 | 632 |
| Debenture and loan int. | 3,275 | 2,006 |
| Profit before tax | 16,682 | 14,572 |
| Taxation | 7,542 | 7,024 |
| Minorities | 25 | 14 |
| Net profit | 9,115 | 7,533 |
| Extraordinary debits | 448 | †107 |
| Attributable | 8,667 | 7,640 |
| Dividends | 2,572 | 2,096 |
| To reserves‡ | 47 | 346 |

* Less investment income. † Credit. ‡ Reserves for shares in lieu of dividend.

The directors stress that the first priority now is to ensure a resumption of sales growth. They have applied to the Food and Drugs Administration for a widening of the clinical indications approved on the package insert.

During 1975 the group continued to invest substantial sums in new plant and machinery and also purchased a 435-acre site for long term manufacturing requirements in the U.S. as well as making two European acquisitions.

At the year end worldwide short term borrowings net of credit balances were £17.8m. (£13.2m.): in addition medium term loans increased by £11.9m. to £16.2m.

The directors have decided to cease consolidation of results of the associate, Rallis India, in view of currency restrictions and other controls affecting foreign holdings in India and only dividends declared are now being included in the accounts (included in 1974 £15.2m. turnover and £650,000 profit before tax). The group share of turnover for 1975 would have been £17.2m. and profit before tax £618,000. Dividend for 1975 included under investment income amounts to £106,000.

An analysis of profit shows (£000's omitted):—agrochemicals £4,748 (£3,306); fertilisers £7,963 (£7,795); pharmaceuticals £7,157 (£6,488); scientific equipment £1,034 (£450); and merchanting and allied services loss £223 (£828).

Total research and development expenditure increased from £5.29m. to £6.62m. during the year.

As regards the rights issue 6.33m. shares are being offered to holders registered on February 20, and are payable in full on acceptance not later than April 2.

Underwriting arrangements have been completed by Morgan Grenfell and Co. Brokers to the issue are Laing and Cruickshank. Dealings are expected to start on March 15.

In order to provide the company with an adequate balance of unissued shares following the issue, it is also proposed to increased the authorised capital. At the same time it is proposed to alter the articles.

The directors report that trading in the first two months of 1976 has been satisfactory. Although it is much too early to forecast the results for the year they intend to recommend dividends totalling 11.5115p on the Ordinary capital as increased—an increase of 10 per cent. over the rate paid for 1975.

See Lex


# BRITISH AMERICAN AND GENERAL TRUST LIMITED

Extracts from the Statement by the Chairman, Mr. W. H. Conroy in the Report and Accounts for the year ended 31st December 1975.

- Total dividend for the year 1.25p net (7.69% gross) compared with the equivalent of 1.20p (7.16%) paid 1974.
- Increased investment in leading U.K. equities with an above average yield should have even greater impact on income of the current year.
- Net assets attributable to Ordinary Stockholders increased by 93%.
- At 31st December 1975 the proportion of invested funds in the U.K. was 65.4% (mainly in equities), in North America 27.2% and in other overseas areas 7.4%.

| | 1975 | 1974 |
|---|---|---|
| REVENUE AVAILABLE FOR ORDINARY STOCK (Net) | £604,877 | £614,955 |
| EARNED FOR *ORDINARY STOCK (*Increased during 1975 by the conversion of loan stock) | 1.29p | 1.37p |
| INVESTED FUNDS | | |
| Value including net current assets | £21,373,000 | £12,844,000 |
| Attributable to Ordinary Stock | £18,873,000 | £9,557,000 |
| Net asset value per Unit of 25p | 40½p | 21p |

Managers—Kleinwort, Benson Limited

Annual General Meeting—20 Fenchurch Street, London, E.C.3. Thursday, 1st April 1976 at 12.45 p.m.


# RECENT ISSUES

## EQUITIES

| Amount Paid Up | Latest Renunc. Date | 1975/6 High | 1975/6 Low | Stock | Closing Price | + or − | Div. Amount | Times covered | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|
| F.P. | — | $12¾ | $12 | Brazil Fund S.A. | $12 | ...... | — | — | — | — |
| F.P. | — | $10,500 | $10,560 | Brasilvest S.A. | $10,560 | ...... | — | — | — | — |
| F.P. | — | 85 | 82½ | Electra Inv. Tst. | 83½ | ...... | b3.8 | 1.1 | 6.7 | 21.4 |
| F.P. | — | £43 | £29¾ | Hughes Tool $1 | £31 | ...... | Q40c | — | 0.5 | — |
| F.P. | — | 205 | 158 | LASMO 'OPS' Units 10p | 168 | ...... | — | — | — | — |
| F.P. | — | 205 | 158 | SCOT-'OPS' Units 10p | 168 | ...... | — | — | — | — |
| F.P. | — | £20¾ | £20½ | Tenneco Inc. $5 | £20¾ | ...... | Q$1.76 | — | 4.0 | — |

## FIXED INTEREST STOCKS

| Amount Paid up | Latest Renunc. Date | 1975/6 High | 1975/6 Low | Stock | Closing Price £ | + or − |
|---|---|---|---|---|---|---|
| F.P. | — | 100¼ | 99⅝ | Agricultural Mort. 10⅜% Bds. 1977 | 100¼ | ...... |
| F.P. | — | 100 | 100 | Do. Do. 10⅜% Bonds 1977 | 100 | ...... |
| F.P. | 7/4 | 104 | 96 | Arbuthnot Latham 8% Conv. Uns. 1986 | 103 | ...... |
| F.P. | 19/3 | 157 | 126 | Bowring (C.T.) 10% Conv. Uns. Loan 1992 | 135½ | +½ |
| — | — | 99½ | 98 | British Gas Corporation Ltd. Notes 1981 | $99½ | ...... |
| F.P. | 23/1 | 104½ | 93⅝ | Essex Water 9% Red. Pref. 1981 | 101 | ...... |
| Nil | — | 1 | ¾ | External Inv. Trust Convertible Ln. 1982-7 | 1pm | +¼ |
| £10 | — | 9⅞ | 8¾ | ICFC 12¼% 1983 | 9⅝ | +⅛ |
| £98.50 | 26/6 | 12½ | 92½ | Jardine Math. 7¾% Conv. Uns. 1990 | 101½ | +¼ |
| £50 | — | 32½ | 27 | LASMO 14% Uns. Loan 81-83 | 27½ | +½ |
| F.P. | — | 99½ | 99½ | Midland Bk. FloatCap. Notes 1983 | $99½ | ...... |
| Nil | — | 98½ | 99¼ | Mid-Sussex Water 8% Red Prf. 1981 | 99½ | +¼ |
| F.P. | — | 101 | 99¾ | Norway 8¼% $ Notes 1981 | 101 | ...... |
| — | 16/2 | 111 | 92 | Pentos 15% Conv. Uns. 1985 | 108 | ...... |
| F.P. | — | 99½ | 99½ | Royal Tst. Mort. Corp. 9¾ Deb. 1981 | $99½ | ...... |
| £50 | — | 32½ | 27 | SCOT 14% Uns. Loan 81-83 | 27½ | +½ |
| Nil | — | 24 | 16 | Scot. Met. 9% Conv. 92/5 | 16pm | −2 |
| F.P. | — | 99½ | 99½ | Seagram 9% Notes 1983 | $99½ | ...... |
| F.P. | 17/11 | 60¼p | 45p | Singlo 10% Cum. Conv. Pref. | 47½ | ...... |
| F.P. | 20/2 | 130½ | 110 | Tenneco 10% Sterling $ Conv. 91-95 | 129 | +2 |

## "RIGHTS" OFFERS

| Amount Paid up | Latest Renunc. Dates † | Latest Renunc. Dates ‡ | 1975/6 High | 1975/6 Low | Stock | Closing Price p*** | + or − |
|---|---|---|---|---|---|---|---|
| Nil | 12/3 | — | 14½ | 11 | Allen(E) Balfour | 13½pm | −1 |
| F.P. | 4/2 | 26/3 | 76 | 68½ | Armitage Shanks | 72 | ...... |
| F.P. | 13/2 | 12/3 | 69 | 60½ | Baker Perkins | 69 | ...... |
| F.P. | 11/12 | 3/3 | 146 | 96 | Berisford (S & W) | 140 | −1 |
| F.P. | 2/3 | 7/5 | 141 | 135½ | Blackwood Hodge | 137 | ...... |
| Nil | 16/3 | 12/4 | 7 | 6 | Braham Millar | 6pm | ...... |
| Nil | 6/2 | 5/3 | 95 | 84 | Brentnall Beard | 90 | ...... |
| F.P. | 17/2 | 24/3 | 28 | 24½ | Brown Boveri Kent | 24½ | −½ |
| F.P. | 27/2 | 26/3 | 97½ | 93 | Carpet Intnl | 97½ | +2 |
| Nil | 16/3 | 15/4 | 6½ | 5 | Concentric | 6½pm | +½ |
| Nil | — | — | 7 | 5½ | Crown House | 5½pm | −1½ |
| Nil | — | — | 12 | 11 | Dewhirst (J.H.) | 11pm | ...... |
| Nil | 12/3 | 9/4 | 11 | 9½ | H.A.T. Group | 10pm | ...... |
| Nil | — | — | 36 | 33 | Hoffnung (S.) | 35pm | −1 |
| Nil | — | — | 14 | 12½ | Imperial Metal Inds. | 13½pm | −½ |
| Nil | 4/3 | 9/4 | 7½ | 7¼ | Jackson (J. & H. B.) | 7¼pm | ...... |
| F.P. | 9/3 | 8/4 | 68 | 62 | LCP Holdings | 67½ | ...... |
| F.P. | 26/1 | 12/3 | 71 | 60½ | Lake & Elliot | 71½ | ...... |
| F.P. | 13/2 | 16/5 | 25 | 18 | Laner Concrete Machinery | 19 | ...... |
| Nil | 3/3 | 20/7 | 70 | 64 | Lloyd (F.H.) | 70 | +2½ |
| Nil | 16/3 | 23/4 | 36 | 11 | Lloyds Bank | 15pm | −1 |
| Nil | 12/3 | 2/4 | 21½ | 12¾ | Meyer (Mont. L.) | 17½pm | ...... |
| Nil | 15/3 | 26/4 | 4 | 3¾ | Mitchell Somers | 4pm | ...... |
| F.P. | 30/1 | 13/2 | 302 | 260 | Nat. Bank of Aust. | 260 | ...... |
| F.P. | 23/2 | 19/3 | 145 | 129 | Ocean Transport | 132 | +1 |
| Nil | — | — | 42 | 18 | Standard Chartered | 30pm | +4 |
| F.P. | 24/2 | 25/3 | 94 | 82½ | Stenhouse Hldgs | 94 | ...... |
| F.P. | 25/2 | 24/3 | 92 | 88 | Strong & Fisher | 88 | ...... |
| Nil | 12/3 | 2/4 | 10 | 3½ | Textiles | 4½pm | ...... |
| F.P. | 6/2 | 2/4 | 14 | 12¼ | Tomkins (F.H.) | 12½ | ...... |
| Nil | 17/3 | 14/4 | 22 | 19 | Triplex Foundries | 19pm | ...... |
| Nil | 15/3 | 11/6 | 19 | 10 | Turner & Newall | 15pm | −1 |
| Nil | 18/3 | 12/5 | 7½ | 2½ | Ward (T. W.) | 2¾pm | ...... |
| Nil | — | — | 6 | 4½ | Whessoe Watson | 4½pm | ...... |
| F.P. | 27/2 | 9/4 | 158 | 126 | Wolseley-Hughes | 130 | ...... |
| Nil | — | — | 35 | 34 | Woodside-Burmah | 34pm | −1 |

[Renun]ciation date usually last day for dealing free of stamp duty. n Placing [...] public. b Figures based on prospectus estimate. d Dividend rate paid or [...] on part capital, cover based on dividend on full capital. p*** Pence [unless o]therwise indicated. t Forecast dividend; cover based on previous year's [...] M Figures based on prospectus or other official estimate for 1976. [...]s assumed. ¶ Cover allows for conversion of shares not now ranking [for divi]dends or ranking only for restricted dividends. ** Issued by tender. [...]d to holders of Ordinary shares as a "rights." ‖ 390 S.Afr. cents ‡ Rights [...] of capitalisation. †† Tender allotment price. ◆ Reintroduced. ⁂ Issued in [connectio]n with reorganisation, merger or take-over. ♣ Introduction. ● Issued to [former] Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or [partly-pai]d allotment letters. # With warrants


# RIVER AND MERCANTILE TRUST LIMITED

Salient points from Report and Accounts to 31st December, 1975

| | 1975 | 1974 |
|---|---|---|
| [Gro]ss Revenue | £1,607,674 | £1,601,542 |
| [Ear]ned per share | 7.12p | 7.32p |
| [Div]idend per share (net) | 6.25p | 6.00p |
| [Gro]up Valuation [o]f Investments | £23,863,198 | £12,142,873 |
| [Net] Asset Value | 178p | 77p |

[Sin]ce 31st December, 1975 the £500,000 8½% Debenture [Sto]ck of the subsidiary company was exchanged for a like [amo]unt of 8½% Debenture Stock of the Parent Company, [the] assets of the subsidiary were thereafter transferred to the [Par]ent Company and the subsidiary, Andermor Investment [Tru]st, placed into Members Voluntary Liquidation.

[The Ch]airman is satisfied that income can be adequately [ma]intained and in view of past record of progress Company [can] look forward to its future as an Investment Trust [wit]h confidence.



# United Biscuits

## 1975 Preliminary Figures and Extracts from the Statement by the Chairman, Mr Hector Laing

I am delighted to be able to report that 1975 was a most successful year both in terms of sales achievement and profit increase.

While a major part of the increases came from the United States, as the following table shows our U.K. based operations also had a satisfactory year.

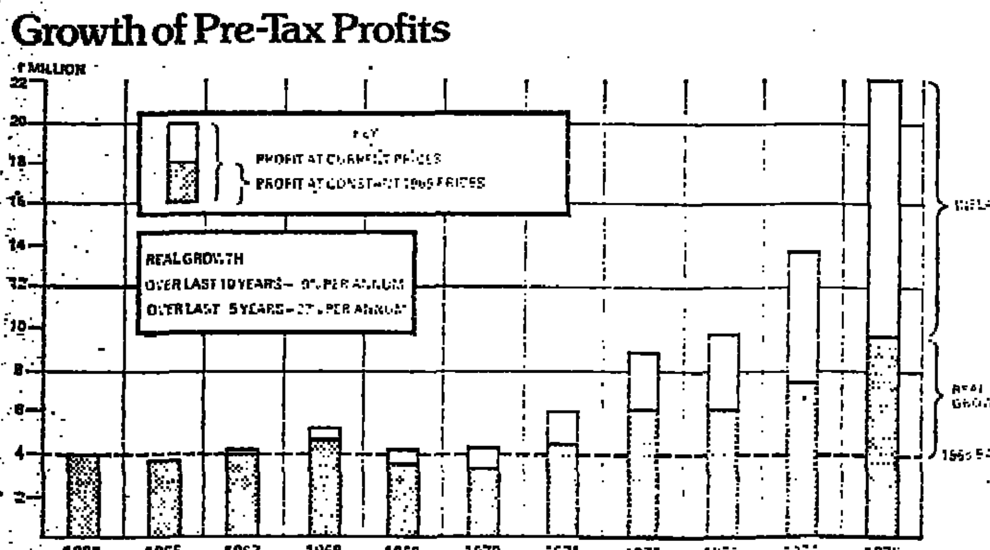
| Results for the year (subject to final audit) | | 1975 £m | 1974 £m | Difference £m | Difference % |
|---|---|---|---|---|---|
| Sales | U.K. (incl. export) | 260.2 | 210.7 | +49.5 | +23.5 |
| | Overseas | 170.3 | 115.8 | +54.5 | +47.1 |
| | Total | 430.5 | 326.5 | +104.0 | +31.8 |
| Trading Profit | U.K. (incl. export) | 18.4 | 15.4 | +3.0 | +19.5 |
| | Overseas | 7.2 | 3.9 | +3.3 | +84.6 |
| | Total | 25.6 | 19.3 | +6.3 | +32.6 |
| Exceptional Credits | | 0.4 | — | +0.4 | — |
| Interest | | 3.7 | 5.5 | −1.8 | −32.7 |
| Net Profit before Tax | | 22.3 | 13.8 | +8.5 | +61.6 |

Our excellent trading performance, together with the proceeds of our Rights Issue and the sale of some of our activities in Europe to which I referred in my last report, have substantially strengthened our balance sheet and reduced our interest charges significantly.

## A decade of progress

In 1965 we were a relatively small loosely-knit group of family companies. In the subsequent ten years we have become the second largest biscuit manufacturing group in the world. Our principal products are biscuits, crisps, cakes, nuts and snack products which are manufactured in the U.K., U.S.A., Japan and Europe. They are exported to 92 countries.

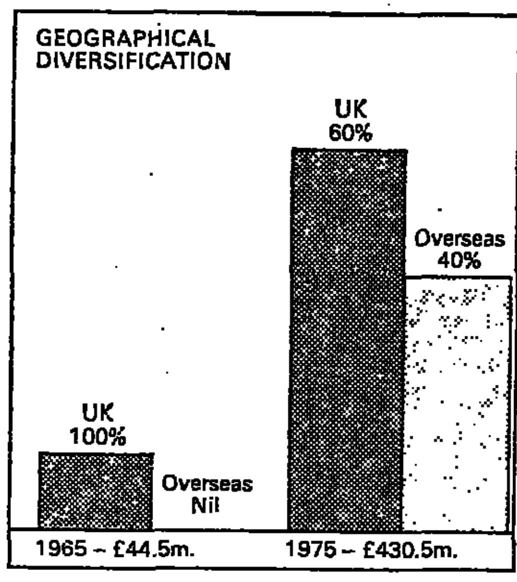
### Growth of Pre-Tax Profits

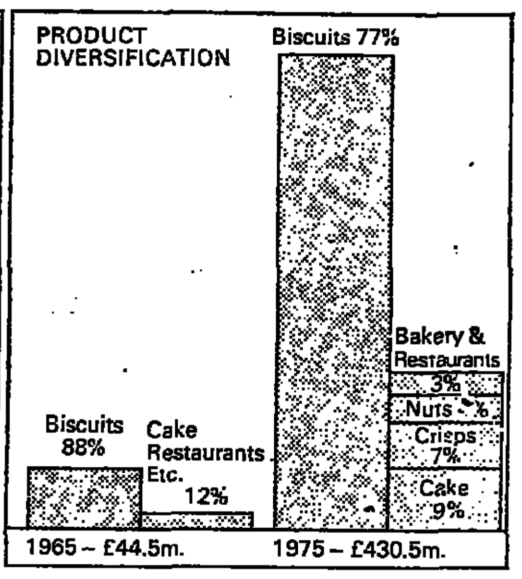



Following a period of major investment and re-organisation from 1965–1970, real profit has more than doubled since 1970.

## Sales Growth and Diversification by Products and Markets

In trading terms we have not only increased our sales dramatically from £44.5m in 1965 to £430.5m in 1975 but over the same period we have substantially improved the balance of our business as illustrated by the following charts.




In reaching our present position we have succeeded in achieving the essential goals we set in our strategic plan. Where we have adhered to our strategic principles, whether applied to acquisition or to quality of product or management, we have been successful. We have failed when we have ignored or compromised those principles. That is the most important lesson of these ten years.

## The Importance of Good Relationships

Part of our philosophy has been to recognise that while profit is vital it is not an end in itself. In reaching our objectives I believe we have kept the respect and goodwill of consumers, our suppliers, our distributors and of our employees and pensioners.

## Investment

Together with this year's Annual Report and Accounts I will be sending out a document based on a booklet entitled "Job Security" which has been used as a briefing document in all our factories and throughout the business generally during 1975. It sets out to demonstrate how, notwithstanding our increase in profits, inflation and price controls have adversely affected our ability to invest in the U.K.

Investment and return on that investment are the only sure foundation for success for a company or nation. It is vitally important that this fact should be more widely appreciated and understood. Jobs depend on Investment.

## Thanks to Staff

For a company to increase its profits five-fold in five years requires a very high degree of teamwork throughout the business. Management must take the right strategic decisions, control costs, monitor performance and keep the workforce informed so that their interest and co-operation are sustained, and the entire staff must be committed to the success of the enterprise.

I would like to pay tribute to everyone in the company all over the world for their contributions to this year's outstanding success. Without their dedication and hard work it could not have been done.

## The Future

Our Budget for 1976 shows another increase in profits and I believe this to be realistic. We have had a very good start to the year. Past trends augur well for the future and I look forward to another ten years of continuing progress.

*The Annual Report and Accounts will be posted to shareholders on 14th April 1976.*

**United Biscuits (Holdings) Limited**

Syon Lane, Isleworth, Middlesex TW7 5NN

McVITIES · CRAWFORDS · MACFARLANE LANG · MACDONALDS · K.P. · CARRS

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To the Registrars, The Royal Bank of Scotland Limited, 31 St. Andrew Square, Edinburgh EH2 2AB.

Please send me a copy of the 1975 Annual Report and Accounts on publication.

NAME

ADDRESS

UB1

# Derek Crouch (Contractors) LIMITED

**Opencast mining, building and civil engineering contractors, distributors of compressed air and materials handling equipment**

Group Results for the year to December 31, 1975

| | 1975 £'000 | 1974 £'000 |
|---|---|---|
| Turnover | 21,502 | 17,860 |
| Earnings before Taxation | 1,134 | 933 |
| Corporation tax | 534 | 461 |
| Net Profit after Taxation | 600 | 472 |
| Dividends for the year (1975) after allowing for Mr. D C H Crouch's waiver of £37,000 | 274 | 247 |
| Profits for the year retained | £326 | £225 |
| Earnings per share on issued share capital at *31st December, 1975* | *6.19p* | *4.9p* |

**Dividend**

The directors propose to recommend to shareholders that at the Annual General Meeting to be held on 31st March, 1976 a final dividend of 2.268p per Ordinary share be paid on 2nd April, 1976 to shareholders on the register on 5th March, 1976; which together with the interim dividend paid in January last makes a total distribution of 3.2062p per share compared with 3.005p per share last year. This represents the maximum dividend payable under present regulations.

**The Chairman Mr. D C H Crouch, reported in his statement that:-**

'Despite the general recession which has been experienced by the Building Industry we have managed to increase both our turnover and profits in this sector.

The Company has a substantial workload in Opencast Mining and is well placed in every way to take advantage of the increased Opencast Coal programme. Mining operations, both in Northumberland and South Wales were very disappointing in the first half of the year, but there was a substantial improvement in *the second half which has continued into 1976 with production in* excess of target and we see no reason why this should not be maintained.

As to the future, in spite of the world difficulties that exist, morale and confidence remain high and the Directors look forward to a further successful year's trading.'

Copies of the Annual Report may be obtained from The Secretary

**DEREK CROUCH (CONTRACTORS) LIMITED**
**Head Office: Peterborough PE6 7UW**



# MIDLAND INDUSTRIES

**Record Profits**

- Group Sales increased 32.2% to £12.6m
- Group Profits pretax increased by 47.5% to £922,000.
- *Total Dividends 24.75% (gross)*

**Foundry Division**

Ironfounding has been the strength behind the progress of the Group, with significant improvements in sales and profitability. We are continuing to invest in improved plant and machinery in this sector and view the future with confidence.

**Engineering Division**

This division has failed to live up to the promise of the previous year, due to the depressed state of the Agricultural Machinery market. The operation of the loss-making Belgian subsidiary has now ceased completely.

However, Betties Ltd and the Heating and Process Control Division have both made good contributions after many years of poor trading, whilst the Boston Division has also made a sound contribution. Overall, a substantially improved performance by this sector is anticipated in the current year.

Despite the present climate of "doom and gloom", we are confident of further improving the Group's performance due to our policy of investing in improved manufacturing facilities. E. C. Marsland, Chairman.

Heath Town Works, Wolverhampton WV10 0QD


# Marchwiel seeking more overseas work

THE CURRENT year has started satisfactorily for Marchwiel Holdings, and chairman Mr. A. J. McAlpine says that he will be very disappointed if profits do not show further progress. Generally the company has made very good progress and should certainly continue to do so in the immediate future, he adds.

While the forward work load is fractionally below the same time last year in real terms, it should present no problems for the year and the chairman says that he is reasonably confident about 1975-1976.

Further ahead he feels there must be doubts about the availability of work in Britain and the price at which it can be obtained. The chairman stresses the necessity of increasing the overseas workload as a cushion against the wide fluctuations which successive Governments give to public work *at home*.

He reports that the growth of overseas companies is proceeding apace but there is a limit to which a company can develop rapidly internationally. Nevertheless good progress is being made in this direction.

As reported group pre-tax profit increased from £5.23m. to £7.01m. in the year ended October 31, 1975, and would have been even higher but for losses on two major civil engineering contracts in the U.K., and heavy start-up costs on certain overseas work. There is an excellent case for recovering at least part of these losses.

An analysis of turnover—£144.33m. (£93.27m.)—and profit shows (£000s omitted): contracting £136,433 (£91,425) and £6,403 (£4,329); extraction £2,651 (£2,524) and £466 (£533); motor engineers and distributors 4,043 (£2,943) and £193 (£80); and other activities £1,164 (£1,080) and £48 loss (£210 loss).

Within Sir Alfred McAlpine (International) considerable progress has been made toward promoting work in the Sudan, the United Arab Emirates, Saudi Arabia and Nigeria. The award after the year-end of the Kenana sugar contract—valued at over £20m.—has given a boost to the company's activities and the chairman hopes that a number of further orders in the Middle East will be obtained during the current year.

Sir Alfred McAlpine (Northern) had a good year and the forward order position is sound, particularly with the award since the year-end of the largest civil engineering contract ever let in Britain, the Dinorwic hydro-electric pumped-storage scheme.

Sir Alfred McAlpine (Southern) performed well despite losses on a large road project. A substantial turnover in the local authority housing sector has been built up and should be carried through the current year.

Group liquidity improved still further during the year and cash in hand is at a record level. Cash balances increased by £5.44m. to £9.9m. and short-term deposits were £2.65m. higher at £5.35m. Expenditure contracted for at the year-end stood at £1.54m. (£2.95m.).

Meeting, Chester, April 2, at 11.15 a.m.

Chairman's statement, Page 22

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's time-table.

**TO-DAY**

Interims—AAH, Hunt and Moscrop (Middleton), Ivory Property.

Finals—Anglo American Investment Trust, BTR, Alliance and Dublin Consumers' Gas, Montfort (Knitting Mills), Steetley.

**FUTURE DATES**

| | |
|---|---|
| **Interims—** | |
| Adams Foods | *Mar. 22 |
| Baird (Hugh) | Mar. 22 |
| Beckman (A.) | Mar. 24 |
| Paterson Zochonis | Mar. 18 |
| Pifco | Mar. 26 |
| **Finals—** | |
| Britannic Assurance | Mar. 17 |
| Brown and Jackson | Mar. 18 |
| Cartwright (R.) | Mar. 24 |
| Church and Co. | Mar. 16 |
| Lilley (F. J. C.) | Mar. 24 |
| Mackay (Hugh) | Mar. 12 |
| Ofrex | Mar. 17 |
| Romford Stadium | Mar. 15 |
| Transatlantic Market Trust | Apr. 2 |
| Ultramar | Mar. 11 |
| Wilkinson Warburton | Mar. 11 |

* Amended.

## New outlets for Wold Foods

Edwards and Walkden, of Smithfield, national distributors of the Merit range of frozen foods, announces a marketing agreement with Wold Farm Foods, the Lincolnshire-based producers and processors of frozen vegetables, which provides for the guaranteed purchase and distribution of a large proportion of Wold's production.

Wold says its production will be complementary to Edwards and Walkden's marketing organisation, enabling its produce to reach a wide range of new markets.

The agreement comes into effect on July 1, 1976.

# Standard Life £150m. write-up

The report of Standard Life Assurance for the year ended November 15, 1975 shows that it had substantially written up the value of the life fund by a £150m. transfer from Investment reserve. This reflects the stock market recovery over 1975, following the depressed conditions of the previous year, when the company wrote down the fund by a £250m. transfer to investment reserve.

The company actuary has maintained the rate of interest used in the valuation of the liabilities of the bulk of the life contracts, but reduced the rate for pension and other annuity business. As a result, the life fund stood at £1.27bn. at the end of the year against £0.95bn. at the beginning. The valuation disclosed a surplus of £31.5m. which was used almost entirely to pay the record bonuses on with-profit contracts.

New business figures for 1975 showed peak growth of 30 per cent. for individual business in the U.K. The number of contracts issued was nearly 12,000 higher at 86,263, while new sums assured exceeded the £1bn. mark for the first time totalling £1.08bn. last year, compared with £809m. in 1974. New annual premiums totalled £14m. and investment income improved from £93m. to £107m.

Mr. T. N. Risk, the chairman, refers to investment policy over the past year. Very little had been invested in Ordinary shares, but the company had made substantial purchases of fixed-interest stocks and had invested heavily in property. He points to Standard's involvement in the recently opened Brent's Cross shopping complex.

He attacks the suggestion that the investing institutions have not adequately provided finance for industry. Industrial investment is less than healthy but this is a direct consequence of a series of factors beyond the control of industry or the investing institutions, he says.

On the volume of legislation enacted during 1975 affecting life companies, he says this has been aimed at protecting the public from the abuses of a small sector of the market. "As far as Standard policyholders are concerned the only effect on them is to push up the operating costs of administration."

Chairman's statement. Page 27

## Davies and Metcalfe recovery

After dropping from £98,755 to £54,781 in the first half, profits of mechanical and electrical engineers, Davies and Metcalfe finished 1975 up from £100,695 to *£154,317 subject to tax of £80,236* compared with £50,814.

A recommended final dividend of 0.5971p per 10p share will lift the total payment from 0.812p to 1.0031p net. Treasury permission is being sought for the additional dividend, members are told.

## Brit. American and General outlook

Prospects for further sustained growth in the asset value of British American and General Trust in the current year are more difficult to predict, says the chairman, Mr. W. H. Conroy.

Should industry in the U.K. begin to recover, the demand by industry for available funds will pre-empt much of those at present finding an outlet in the stock markets, he points out.

Overseas, the outlook for rising share prices is more encouraging. The trust has a relatively large exposure to the non-sterling world which adds a measure of protection against the relative volatility of the home market, says Mr. Conroy.

Some £1m. was re-committed in *equities to the home market in* 1975, while overseas around £0.75m. was invested in Europe and Japan largely through the media of two off-shore funds.

The increased investment in U.K. equities contributed to a higher total income from invested funds — up from £991,000 to £1,034,000—and this policy should have even greater impact this year.

As reported on February 14, with net asset values, revenue before tax for 1975 was £1,044,348 *(£1,050,860) and the net dividend* is 1.25p (1.2p).

Meeting, 20, Fenchurch Street, E.C., April 1, at 12.45 p.m.

Chairman's statement, Page 23

## ALBRIGHT & WILSON

Albright and Wilson is to close the offices and works at Brigg, South Humberside, part of its agricultural sector, at the end of April 1976. Sales and services to farmers will be transferred to a new sales office at the Barton Works on Humberside along with the contract services and transport—the Brigg offices and works will be fully operational up until *the end of April 1976. The* closure is complementary to the move of the agricultural sector's headqaurters to Glaston.

## MINING NEWS

# De Beers' earnings are moving up again

BY KENNETH MARSTON, MINING EDITOR

AFTER A none-too-easy year, when world diamond sales recovered from the severe setback experienced in the second half of 1974 but failed to match that year's total, De Beers has come out with rather higher than expected profits.

Earnings now announced for 1975 amount to R220.7m. (£128.1m.) compared with R201.3m. and, as forecast in these columns, a final dividend of 20 cents (11.6p) makes a total of 28 cents compared with 25 cents for 1974. The tax charge for 1975 has been lowered by R29.6m., a non-recurring benefit arising from the introduction of a pay-as-you-earn system in South-West Africa.

| | 1975 R'000 | 1974 R'000 |
|---|---|---|
| Diamond account | 216,795 | 242,857 |
| Interest | 94,795 | 92,387 |
| Royalties | 10,352 | 7,358 |
| Realisation fixed assets | 332 | 29 |
| Prospecting/research | 17,387 | 14,449 |
| Charges | 13,489 | 11,612 |
| Interest payable | 4,721 | 3,294 |
| Amounts written off | 351 | 1,946 |
| Group profit | 296,226 | 312,889 |
| Taxation | 59,465 | 108,406 |
| Group net profit | 226,761 | 212,491 |
| Outside interests | 6,084 | 11,187 |
| Profit attributable | 220,677 | 201,324 |

The two major factors which have offset the adverse effects on profits of last year's lower diamond sales have been the 1.55 per cent. overall increase in gem prices which became effective in January last year and the 17.9 per cent. devaluation of South Africa's rand in September. The latter factor is reflected in a sharp increase in the surplus on revaluation of foreign assets and liabilities.

Last year's devaluation applied to only three of the 10 annual diamond "sights," or sales which are made in U.S. dollars, and so it will make a greater impact in the current year. At the same time the sales value will be further enhanced by the gem price increase of 3 per cent. which became effective in January of this year.

Indications are that diamond sales are fully maintaining their recovery and if the world economic recovery gathers strength they could challenge the 1973 record total handled by the Central Selling Organisation of R920.6m., a particularly important consideration for De Beers which is now carrying record stocks of some R304m. (£176m.).

But with a buoyant year in prospect De Beers must still live in the shadow of the political uncertainties facing South-West Africa which provides about one-third of the group's profits. In share price terms we thus have a situation where a tug-of-war exists with political uncertainties at one end and the influence of a rising Wall Street market and company earnings at the other. The shares closed at 220p yesterday in front of the latest results.

## Noranda's big problem child

CANADA'S big Noranda group is continuing to have serious difficulties with its Gaspe Copper mine and processing plant in north-eastern Quebec. The parent has spent more than $100m. (£50.9m.) during the past three years on an expansion programme for Gaspe, reports our Montreal correspondent.

In the third quarter of last year Gaspe lost $13.7m. (£6.9m.) and made further losses in the following three months despite a 5 per cent. increase in production. The biggest problem is in the leaching process and while some improvement is expected in this respect during 1976 a further loss seems to be in prospect unless there is a sharp advance in copper prices.

Meanwhile, Noranda is carrying high unsold stocks of both copper and zinc together with long-term debts of over $100m. Rumours of a management shake-up arising from the high level of metal stocks and debt have been denied by Noranda's president, Mr. Alfred Powis, who told our correspondent that the company looks urgently for a North American copper producer-price of around 100 cents per pound. It is currently 63 cents.

## COPPER PRICE & WHIM CREEK

A rise in the copper price of 20-30 per cent. is needed by Whim Creek Consolidated, a member of the Canadian-Irish Northgate Exploration group, to make its Western Australian copper prospect of that name profitable, says the company in its annual report.

Whim Creek states that copper prices in the $A900-$A1,000 (£560-£640) a per tonne range are unattractive. However, alternative processes suitable for an operation on the deposit are being investigated as planned. By contracting the mining operation and leaching the oxide ore in large impermeable earthen vats it is hoped to reduce substantially the capital cost and improve the cash flow.

A modest profit is expected from mining the small but high grade Whundo copper deposit where it has been decided to begin open-pit operations in the first half of this year and to stockpile ore. Sales from the stockpile will depend on prices. Whim Creek were 36p yesterday.

## MINING BRIEFS

GOLD AND BASE—January output of concentrates (73 per cent. grade): Tin 30 tonnes, columbite nil. Same period 1975: Tin 30 tonnes, columbite nil.

GEEVOR TIN—February output of Black Tin (65 per cent. Sn): 79 tonnes, including 9 tonnes low grade concentrates. January 79 tonnes.

SAINT PIRAN—February production of Tin contained in concentrates: U.K. 134 tonnes, Malaysia: 16 tonnes. January 138 and tonnes respectively.

RAHMAN HYDRAULIC TIN—February Tin output: 65 tonnes (January 63 tonnes).

ANGLO AMERICAN CORPORATION—Coal division sales outputs for February, 1976 (figures in tonnes)—South Africa Bituminous Amalgamated Collieries Cornelia 255,401, Springfield 235,600, Anglo Power 945,690, Bleshok 38,192, Coronation 174,341, New Largo 94,568, South African Coal Estates (Witbank) 149,256, Springbok 157,518, Vierfontein 103,472, Vryheid 60,118. Coke production sales, February 38,514, January 43,343. Zululand Natal Indumeni 32,714. Anthracite: Natal Anthracite 42,894 *Balgray Colliery* 18,967; *Rhodesia:* Wankie Colliery 212,470, Coke February 10,510, Coke January 9,913; Swaziland: Swaziland 7,629; Botswana: Morupule 14,470. Total: 2,349,300 (January 2,113,809).

MALAYSIAM TIN—February: Tribute ore sold 3.09 tonnes (January 18.79 tonnes). Working loss £53 (£3.115 profit). Tin export control: Tin ore retained in stock at February 29: 21.33 tonnes (January 4.85 tonnes).

## A.C.E. seeks business overseas

Mr. H. V. Gort, chairman of A.C.E. Machinery (Holdings), reports that for the first quarter of the current year the value of orders both for construction equipment and mechanical de-watering plant is about double the figure for the same period of the previous year.

He feels that the best prospects for new business still largely lie in overseas territories. The Middle East remains the company's most attractive overseas market, but steps have been taken to generate new business in the Common Market.

As reported February 10 profits, before tax, increased from £217,989 to £321,099 in the year ended September 30, 1975. Within a sales rise from £1.98m. to £2.67m. exports showed a jump of 173 per cent. to £891,447. The dividend is 2.754p (2.581p) net.

The chairman says that, despite big increases in debtors and stocks, the company maintained a very high level of liquidity.

## Investment Trust of Guernsey

From earnings up from 4.3p to 4.8p per 50p share Investment Trust of Guernsey is raising its dividend from 4.75p to 5.25p with a final of 3.5p for 1975.

*Revenue, after tax, was £222,556* (£200,634).

Net asset value per share was 169p (101p).


*This advertisement appears as a matter of record only*

NEW ISSUE

FEBRUARY 24, 1976

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# Barrow Hepburn Group Limited
# Leather and Chemical Group 1975-Highlights

**Trading Profit:** Up tenth year running.

**Earnings per Share:** 4·6p.

**Dividends:** Up 12½% maximum allowed following Rights Issue.

**Leather Division:** Overall Profits up, short term prospects uncertain for Tanning activities.

**Chemical Division:** Profits down, with full recovery in second half continuing into 1976. Outlook excellent.

**Barrow Hepburn Industries:** Profits maintained: encouraging signs for medium term.

**Investment:** Over £1,000,000 Net new investment in Fixed Assets.

**Prospects:** Board confident of further improvement in 1976 in all activities, except U.K. Tanning.

## Five Year Group Statistical Information

| | 1971 £000 | 1972 £000 | 1973 £000 | 1974 £000 | 1975 £000 |
|---|---|---|---|---|---|
| Turnover | 46,844 | 67,928 | 68,322 | 65,019 | 74,981 |
| Trading Profit | 1,601 | 2,301 | 2,975 | 3,540 | 3,556 |
| Profit before Taxation and Exceptional Items | 1,345 | 2,049 | 2,465 | 2,618 | 2,810 |
| Earnings per Ordinary Share | 5·3p | 6·9p | 4·7p | 5·8p | 4·6p |
| Dividends per Ordinary Share | 2·2p | 2·2p | 2·4p | 2·6p | 2·9p |

barrow hepburn


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BIDS AND DEALS

# Acceptance conditions in Emu Wine battle

The Board of Emu Wine Holdings has been told that, in the event of the 170p a share bid from Western Australian Worsted and Woollen Mills not having become unconditional by March 12, it will be extended for at least a further seven days. In the event that the offer does become unconditional, it will remain open for at least 14 days.

WAW already owns 32.48 per cent. of the capital of Emu and its offer is conditional only on acceptances raising its holding to above 50 per cent.

On Monday the Emu Board recommended acceptance of the WAW offer following the withdrawal of the previous rival bid from Inchcape. But on the same day a new suitor, Thomas Hardy and Sons, an Australian wine company, appeared on the scene with an offer of 182½p a share.

The Emu directors yesterday said that the proposed Hardy bid was to be conditional on acceptances being received in respect of 90 per cent. of the Emu shares or such lesser percentage, being not less than 50 per cent., as Hardy might decide.

The Emu Board went on to say that it had been informed that WAW would not accept Hardy's offer and that therefore, unless Hardy was prepared to make its offer conditional on acceptances being received in respect of a significantly lower percentage, the offer was bound to be unsuccessful.

Hardy had therefore been asked whether it was prepared to go unconditional in the event of acceptances being anything over 50 per cent. Hardy was not willing to indicate this at present but was reconsidering the question.

Emu shareholders are meanwhile advised to take no action on either offer until they hear further from their Board, probably not before next week.

### DAVID DIXON

David Dixon and Son Holdings announces that, following the announcement by Tranwood Group that it would not be proceeding with its bid for the Ordinary capital of Bank Bridge Group, the rearrangement of the settlement of the debt due to David Dixon from Bank Bridge will no longer proceed.

The financial advisers of David Dixon are now holding discussions with the financial advisers of Bank Bridge relating to the settlement of the debt and shareholders will be advised as soon as possible.

## Aurora to press ahead

Details of events that took place prior to Aurora Holdings' hotly contested offer for East Sussex Engineering of 30.0312½p per share cash are contained in the official bid document.

Aurora, which already holds 45.3 per cent. of the capital of East Sussex, states that its intention when acquiring its original 27.94 per cent. of the company was to remain a minority holder and to obtain Board representation. It was only following a refusal for a joint meeting by East Sussex, and a change in its financial advisers, that Aurora decided to seek its bankers' approval for the finance for a full offer for the company.

A spokesman for Aurora said yesterday that the company was definitely going to proceed with its offer and that the 45.3 per cent. shareholding "was not negotiable, and definitely not for sale" if an alternative bidder emerged.

The Board of East Sussex countered swiftly last night with a statement issued through its financial advisers, S. G. Warburg, urging shareholders to take no action "until all the relevant facts are available" and reaffirming the view that the Aurora offer is totally inadequate.

The statement criticises Aurora on the grounds that it has refused to "receive any of this information and to negotiate a fair price on it, making it clear that Aurora wants to be free to acquire more shares before shareholders are fully informed."

### CARRON SALE

Carron Co. (Holdings) has sold its hydraulic division to G. L. Rexroth of St. Neots, for £650,000 cash. Proceeds will be used towards expansion of the other division of Carron.

### WEIR GROUP BUYS REST OF WEIR PACIFIC VALVES

The Weir Group has acquired the outstanding 49 per cent. shareholding in Weir-Pacific Valves, formerly owned by Pacific Valves Inc. of Long Beach, for a nominal £13,000.

The Weir-Pacific valves range of ball and butterfly valves will continue to be be manufactured in the Queenslie plant for sale in the U.K. and overseas. Plans to exploit the full potential of the 150,000 square feet plant are already well in hand.

Weir Group and Weir-Pacific Valves have also concluded a long-term agreement with Mark Controls Corporation, the parent of Pacific Valves Inc., under which Weir-Pacific Valves will manufacture and supply additional important ranges of valves in association with Pacific Valves Inc.

### MPI EXPANDS

MPI announces that its wholly-owned subsidiary, Francis Chappell and Sons, has succeeded to the long-established business formerly carried on by A. E. Greenfield and Son, Croydon, and W. Cullen and Sons, Upper Norwood, S.E.19. Both businesses and freehold properties acquired will be integrated with Chappell.

### BROWN BOVERI

Brown Boveri Kent has received notification, following its recent rights issue, that BBC Brown Boveri and Co.'s interest in the Ordinary shares has increased by 5.07m. to 22,094,357 shares (50.878 per cent.).

# Carrington Viyella sees second half U.K. upturn

IN GENERAL the directors of Carrington Viyella are not expecting an upturn in the U.K. economy until the second half of the current year, with overseas improvement somewhat earlier; when the improvement becomes a reality, they are confident of the group's ability "to improve its performance substantially."

In their annual report they say that it would appear that the world-wide recession has now levelled off, but general economic problems peculiar to the U.K. make it difficult to forecast with confidence.

The chairman, Mr. L. Regan, in his statement, says that provided there is no political catastrophe, the benefits of past and planned capital investment will enable the company to "progress and prosper."

The benefits from the withdrawal from certain marginal and loss-making operations, and the closure of seven plants, will be felt from 1976 onwards, he says.

In the next two years the company will invest a greater proportion of funds in garment factories to give substantial productivity gains and increased production. Capital expenditure contracted but not provided for amounts to about £1.8m. (£5.8m.) and approved capital expenditure totals about £1.4m. (£0.65m.). In 1975 group capital expenditure was slightly less than in 1974 at £9m., of which £1.7m. was invested overseas.

As reported on February 19 pre-tax profit declined from £9.02m. to £5.56m. during 1975. Net dividend total is down from 1.7275p to 1.7125p. Factors affecting the results were the general world recession and inflation, reorganisation and rationalisation costs of £1.27m. (£0.34m.) and the performance of overseas companies.

In the earlier part of the year there was considerable under-activity in some areas, both in the U.K. and overseas. In the last four months activity improved, partly due to seasonal factors, and this was reflected in increased sales during that period.

As a result of continuing over-capacity in warp knitted commodity fabrics it was considered necessary to close the Rathgael factory.

Progressive reorganisation has necessitated the closure of two dyeing and finishing plants, a yarn dyeing unit and three garment factories. The production of these units is being transferred to other factories in the group.

The accounts show ex-gratia payments of £28,000 to former directors.

A statement of source and application of funds shows a £3.85m. decrease (£3.96m. increase) in overdrafts and a £1.02m. decrease (£0.41m. increase) in working capital.

At February 10, ICI Holdings and Imperial Chemical Industries, the ultimate holding company, held 58.9 per cent. and 9.5 per cent. respectively of the Ordinary. Carrington Viyella manufactures textiles.

Meeting, The Dorchester, W., April 1, noon.

Chairman's statement, Page 22

### DARES ESTATES

The accounts of Dares Estates, the property investment company in which a 65 per cent. stake is now held by Mr. P. D. Jackson, Mr. D. Sidi, their family trusts and Mr. R. Herbert-Smith, will be posted to shareholders on March 16, it was announced after yesterday's Board meeting.

The company's Stock Exchange listing was supended in May, 1974, at a time when Mr. William Stern's family was thought to have a 63 per cent. holding, in the wake of the disclosure by Stern Holdings that it had liquidity problems.

## R. Stockfis turns in £300,131

SHEET METAL workers and steel fabricators Robert R. Stockfis (Manchester) reports pre-tax profits down from £398,257 to £300,131 for the year to August 31, 1975, on turnover of £3.06m. compared with £3.21m.

At half-way, when profits were down from £185,608 to £120,404, the directors were expecting "a significant improvement" in profit for the second half as compared with the first.

Full-year earnings are shown to be down from 31.5p to 23.4p per 25p share. A final dividend of 4.23p net raises the total payment from 5.84p to the maximum permitted 6.23p net.

Tax takes £158,625 against £209,255. There are extraordinary credits of £54,798 (£63,228) and after minorities the attributable balance is £141,500 compared with £189,002.

## Two new life policies from Scott. Widows

By Eric Short

The Scottish Widows' Fund and Life Assurance Society has introduced two new life contracts. The Whole Life Plus combines a with-profits whole life policy with a decreasing supplementary death benefit contract which provides a high level of minimum death cover. This latter value is based on the estimated claim value of the life policy after 30 years (or at age 80 for lives over 50) assuming a bonus rate of £3.20 per cent. per annum compound. Thus for investors under 50 each £1,000 of minimum death benefit is provided by a whole life policy for a basic sum assured of £400 and initial supplementary cover of £600. The bonus assumption is on the conservative side, since the current rate of the Society is £4.40 per cent.

The other contract is the Joint Life and Last Survivor policy on similar lines to the new Whole Life Plus contract, except that the policy monies are paid on the second death of husband and wife. The policy is suitable to use for providing capital sums free of Capital Transfer Tax. These two contracts join the Society's other bonus reinforced contract Endowment Plus Assurance, which is used for mortgage repayment purposes.

## Baker Wardell in profit

In line with expectations of a "significant improvement," Baker Wardell, a member of the Irish Tea Merchants Group reports a turnround from a loss of £72,990 to a profit of £2,091 for the half year to September 26, 1975. For the year to March 31, 1975, there was a deficit of £112,238.

Earnings per Ordinary share for the half year are shown at 2.32p.

| | 1975 £ | 1974 £ |
|---|---|---|
| | 26 weeks | |
| Turnover | 1,163,061 | 763,254 |
| Profit | [illegible] | [illegible] |
| Interest charges | [illegible] | [illegible] |
| Profit before tax | 2,091 | *72,990 |
| Tax credit | — | [illegible] |
| Extraord. debits | 9,000 | — |
| Dividend | — | [illegible] |
| Deficit from reserve | [illegible] | [illegible] |

* Loss.

## Midland Inds. progress

The chairman of Midland Industries, Mr. E. C. Marsland told the annual meeting that the first five months of this year had progressed as expected: improved profits were being shown. He had no doubt that the current year would be satisfactory and that the group would continue to prosper in future.

He expressed satisfaction with the progress of the foundry division and the prospects for its future. The improvement expected of the engineering side was currently taking place.

### KENDON CABINETS LIQUIDATION

Kendon Cabinets, a subsidiary of Headcrest Investments, which has incurred losses during the past two years has insufficient orders to justify its continued trading. Consequently a liquidator has been appointed.



# DE BEERS INDUSTRIAL CORPORATION LIMITED

*(Incorporated in the Republic of South Africa)*

PROVISIONAL ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 1975 AND NOTICE OF DECLARATION OF DIVIDENDS

The following are unaudited abridged versions of the consolidated financial statements for the year ended 31st December 1975, together with the comparative figures for the year ended 31st December 1974:

CONSOLIDATED INCOME STATEMENT

| | | 1975 R'000 | | 1974 R'000 |
|---|---|---|---|---|
| Dividends, interest and sundry revenue | | 8 676 | | 7 962 |
| *Less:* General expenses | | 98 | | 74 |
| Profit before tax | | 8 578 | | 7 888 |
| South African Company tax thereon | | 175 | | 87 |
| Profit attributable to shareholders of De Beers Industrial Corporation Limited | | 8 403 | | 7 801 |
| Appropriations: | | | | |
| Transfer to general reserve | 1 500 | | 1 000 | |
| Dividends: | | | | |
| On preference shares — 11 cents per share | 110 | | 110 | |
| On ordinary shares—62.5 cents per share (1974; 57.5 cents) | 6 875 | 8 485 | 6 325 | 7 435 |
| | | (82) | | 366 |
| Unappropriated profit 31st December 1974 | | 1384 | | 1 018 |
| Unappropriated profit 31st December 1975 | | 1 302 | | 1 384 |

CONSOLIDATED BALANCE SHEET

| | | 1975 R'000 | | 1974 R'000 |
|---|---|---|---|---|
| Issued share capital: | | | | |
| Preference shares | 2 000 | | 2 000 | |
| Ordinary shares | 22 000 | 24 000 | 22 000 | 24 000 |
| Non-distributable reserves | | 8 200 | | 8 200 |
| Distributable reserves | | 18 802 | | 17 384 |
| Current liabilities | | 4 571 | | 3 881 |
| | | 55 573 | | 53 465 |
| Investments: | | | | |
| Listed | | 14 921 | | 14 921 |
| Market value R39 387 000 (1974: R35 629 000) | | | | |
| Unlisted | | 32 775 | | 32 775 |
| Loans | | 6 109 | | 2 567 |
| Loan portion of tax | | 425 | | 397 |
| Current assets | | 1 343 | | 2 805 |
| | | 55 573 | | 53 465 |

DECLARATION OF DIVIDEND No. 51 ON THE ORDINARY SHARES

Dividend No. 51 of 40 cents per share (1974; 35 cents) being the final dividend for the year ended 31st December 1975, has been declared payable to the holders of ordinary shares registered in the books of the Corporation at the close of business on the 26th March 1976. This dividend, together with the interim dividend of 22.5 cents per share declared on 19th August 1975, makes a total of 62.5 cents per share (1974: 57.5 cents).

DECLARATION OF DIVIDEND No. 64 ON THE PREFERENCE SHARES

Dividend No. 64 of 2.75 per cent, equivalent to 5.5 cents per share in respect of the six months ending 31st March 1976, has been declared payable to the holders of preference shares registered in the books of the Corporation at the close of business on 26th March 1976.

For the purposes of these dividends the share transfer registers and registers of members will be closed from 27th March 1976 to 9th April 1976, both days inclusive. Warrants will be posted from the Johannesburg and United Kingdom transfer offices on or about 29th April 1976. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 20th April 1976 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency, provided that the request is received at the Corporation's transfer offices in Johannesburg or the United Kingdom on or before 26th March 1976.

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividends are payable subject to conditions which can be inspected at the head office and London office of the Corporation and also at the Corporation's transfer offices in Johannesburg and the United Kingdom.

For and on behalf of the Board
H. F. OPPENHEIMER, A. S. HALL — Directors

[illegible] March 1976

Transfer Secretaries:
Consolidated Share Registrars Limited,
62 Marshall Street,
Johannesburg, 2001
(P.O. Box 61051, Marshalltown, 2107)

Charter Consolidated Limited,
P.O. Box 102,
Charter House,
Park Street,
Ashford,
Kent TN24 8EQ

Head Office:
36 Stockdale Street,
Kimberley,
8301
South Africa

London Secretaries:
Anglo American Corporation of South Africa, Limited,
40 Holborn Viaduct,
EC1P 1AJ

# DE BEERS CONSOLIDATED MINES LIMITED

*(Incorporated in the Republic of South Africa)*

PROVISIONAL ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 1975 AND NOTICE OF DECLARATION OF DIVIDEND No. 112 ON THE DEFERRED SHARES.

The following are unaudited abridged versions of the consolidated financial statements for the year ended 31st December 1975, together with comparative figures for the year ended 31st December 1974, which should be read in conjunction with the subjoined note.

CONSOLIDATED INCOME STATEMENT

| | 1975 R'000 | 1974 R'000 |
|---|---|---|
| Diamond account | 216 795 | 242 657 |
| Interest and dividends | 94 795 | 92 387 |
| Royalties and sundry revenue | 10 352 | 7 352 |
| Surplus on realisation of fixed assets | 332 | 29 |
| Surplus on revaluation of foreign assets and liabilities | 21 190 | 1 334 |
| *Less:* Transferred to currency reserve | 21 190 | 1 334 |
| | — | — |
| | 322 274 | 342 425 |
| *Deduct:* | | |
| Prospecting and research | 17 587 | 14 649 |
| General charges | 13 489 | 11 643 |
| Interest payable | 4 721 | 2 204 |
| Amounts written off loans and investments less surplus on realisation of investments | 251 | 1040 |
| | 36 048 | 29 536 |
| Group profit before tax | 286 226 | 312 889 |
| Taxation and Government's share of profits under mining leases (see Note) | 59 465 | 100 408 |
| Group profit after tax | 226 761 | 212 481 |
| *Deduct.* Outside interests in subsidiary companies | 6 084 | 11 167 |
| Group profit after tax attributable to De Beers Consolidated Mines Limited | 220 677 | 201 314 |
| Extraordinary loss arising from the relinquishment of shares in a former subsidiary | 8 032 | — |
| Less provision included in funds appropriated for expenditure on fixed assets | 8 032 | — |
| | — | — |
| Group net profit attributed to De Beers Consolidated Mines Limited | 220 677 | 201 314 |
| Appropriations: | | |
| Amount written off patents | 636 | 636 |
| Transfers to reserves | 110 265 | 91 212 |
| Preference dividends—R2 per share | 1 591 | 1 591 |
| Second preference dividends—4 cents per share | 115 | — |
| Deferred dividends—28 cents per share (1974: 25 cents) | 100 507 | 89 217 |
| | 213 114 | 182 656 |
| | 7 563 | 18 658 |
| Unappropriated profit 31st December 1974 | 139 660 | 121 407 |
| Adjustment thereto arising from changes in currency exchange rates | 2 112 | 919 |
| | 141 772 | 122 326 |
| *Less:* Lump sum contributions to staff pension fund in respect of prior years | — | 1 324 |
| De Beers' interest in the unappropriated profits of former subsidiaries | 2 002 | — |
| | 139 770 | 121 002 |
| Unappropriated profit 31st December 1975 | 147 333 | 139 660 |

CONSOLIDATED BALANCE SHEET

| | 1975 R'000 | 1974 R'000 |
|---|---|---|
| Issued share capital: | | |
| Preference shares | 3 978 | 3 978 |
| Second preference shares | 2 867 | — |
| Deferred shares | 17 989 | 17 843 |
| | 24 834 | 21 821 |
| Share Premium | 10 452 | — |
| Non-distributable reserves | 159 027 | 135 082 |
| Distributable reserves | 780 436 | 714 131 |
| | 974 749 | 871 034 |
| *Less:* Excess of cost of shares in subsidiary companies over book value of net assets at dates of acquisition | 31 068 | 26 966 |
| | 943 681 | 844 068 |
| Outside interests in subsidiary companies | 48 690 | 57 722 |
| Long-term liabilities | 33 614 | 27 349 |
| Current liabilities | 191 864 | 230 773 |
| | 1 217 849 | 1 159 912 |
| Fixed assets: | | |
| Claims, mining interests and property | 47 990 | 37 408 |
| Plant, permanent works and buildings | 20 139 | 33 832 |
| Listed trade investments | 4 457 | 4 515 |
| (Market value) | (16 088) | (10 832) |
| Unlisted trade investments | 32 162 | 17 277 |
| Property and development, South West Africa | 953 | 975 |
| Patents | — | 636 |
| | 105 701 | 94 643 |
| Stores and materials | 16 793 | 15 365 |
| Diamonds on hand at cost (see Note) | 304 437 | 269 788 |
| Listed investments | 218 225 | 203 902 |
| (Market value) | (361 530) | (391 687) |
| Unlisted investments | 132 696 | 125 509 |
| Long-term loans | 40 634 | 23 907 |
| Loan portion of tax | 28 504 | 28 339 |
| Cash | 187 398 | 293 856 |
| Other current assets | 183 411 | 104 603 |
| | 1 217 849 | 1 159 912 |

Note:

The results for the year are not directly comparable with the results for 1974 because:

(a) The results of De Beers Botswana Mining Company (Proprietary) Limited, which is no longer a subsidiary company, are no longer included.

(b) As a result of the introduction of a "pay-as-you-earn" system of tax collection in South West Africa, the amount required to be provided for South West African taxation for the past year was less than would otherwise have been the case. This non-recurrent benefit has had the effect of reducing the tax charge for the year by R29 604 000.

(c) Diamond stocks held by mining companies at the year-end have been valued at cost of production on the LIFO ("last in first out") basis. This eliminates from the 1975 income statement the unrealised profits resulting, under inflationary conditions, from the use of the average cost of production method. The resulting reduction in the value of stocks taken to account amounts to R5 771 000.

DECLARATION OF DIVIDEND NO. 112 ON THE DEFERRED SHARES

Dividend No. 112 of 20 cents per share (1974: 17 cents) being the final dividend for the year ended 31st December 1975, has been declared payable to the holders of deferred shares registered in the books of the Company at the close of business on 26th March 1976, and to persons presenting coupon No. 56 detached from deferred share warrants to bearer. This dividend, together with the interim dividend of 8 cents per share declared on 19th August 1975, makes a total of 28 cents per share for the year (1974: 25 cents). A notice regarding payment of dividends on coupon No. 56 detached from share warrants to bearer, will be published in the Press by the London Secretaries of the Company on or about 19th March 1976.

The deferred share transfer registers and registers of members will be closed from 27th March 1976 to 9th April 1976, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom transfer offices on or about 29th April 1976. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 20th April 1976 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency, provided that the request is received at the Company's transfer offices in Johannesburg or the United Kingdom on or before 26th March 1976.

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the head office and London office of the Company and also at the Company's transfer offices in Johannesburg and the United Kingdom.

For and on behalf of the Board
H. F. OPPENHEIMER, A. WILSON — Directors

9th March 1976

Head Office
36 Stockdale Street, Kimberley, 8301,
South Africa.

London Secretaries
Anglo American Corporation of South Africa Limited,
40 Holborn Viaduct, EC1P 1AJ.

Transfer Secretaries
Consolidated Share Registrars Limited,
62 Marshall Street, Johannesburg, 2001
(P.O. Box 61051, Marshalltown, 2107).

Charter Consolidated Limited,
P.O. Box 102, Charter House, Park Street,
Ashford, Kent TN24 8EQ.

# No easy salvation for U.K. from North Sea oil

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

IN A BLEAK analysis of the British economy's medium-term prospects, the independent National Institute of Economic and Social Research to-day dismisses the idea that North Sea oil offers the chance of salvation to the U.K.

According to the NIESR's February Economic Review, out this morning: "In spite of suggestions that the U.K.'s balance of payments and hence growth problems will be 'solved' by North Sea oil, it is hard to escape the conclusion that, largely because of the enormous net deterioration in our terms of trade between 1972 and 1975, North Sea oil may well not be sufficient to allow a return to full employment by 1980 without further possibly rather substantial increases in international competitiveness."

"This further deterioration in the terms of trade would imply a very large shift of resources into the balance of payments; and this in turn leaves little in the way of spare resources for private and public consumption growth, after provision for the required investment in fixed capital and stocks."

The article explaining the medium term analysis acknowledges that the U.K. could be lucky in a variety of ways—productivity growth could be faster than the NIESR assumes; its balance of payments assumptions may be wrong, especially on the U.K.'s import-propensity; world trade may expand faster than expected. But "it is not sensible to bank on the best outcome; if anything, prudence would suggest paying most attention to the worst."

The NIESR continues: "This would appear to suggest going for an immediate large devaluation and cut in real wages in order to ensure that, if the worst did happen externally, growth prospects would nevertheless be tolerable."

## Problems

But it says there are unfortunately two problems attached to such a strategy: first, resistance on the part of the rest of the world to an aggressive exchange rate strategy by the U.K.; and secondly, the danger of triggering off a wages explosion. "In the context of a voluntary incomes policy, the real wage consequences of devaluation would *have to be endorsed by the trade unions*" the review notes.

"Judgment of just how serious these risks are is inevitably difficult. But it is certain that, if there were union resistance and so a renewed inflationary surge, the U.K. would once again be plunged into crisis."

The review goes on to say: "Almost any risk of this is worth avoiding. Since there is at least some risk at present, this argues against a large devaluation. Instead it would appear better to encourage gradual further deceleration in money wages with an unchanged exchange rate profile, so that competitiveness is improved some 2 per cent. to 3 per cent. a year.

"Failing a reduction of this size in U.K. inflation, which is perhaps rather unlikely, then some mixture of this and further but modest exchange rate depreciation with the same combined effect on competitiveness would be desirable," the review adds.

The Institute's text contains several indications of a schizophrenic pull between economists favouring wages policy on the one hand and exchange rate adjustment on the other. To alleviate the problems which, in the end, both pose vis à vis the unions, the review examines the possibility of cutting tax rates in order to obtain union acquiescence in "the implied reduction of real wage growth."

## Limited scope

But it goes on: "This scope is limited by the pace at which public consumption can be cut . . . substantial cuts in tax rates would cause severe pressure on the exchange rate since the additional private consumption unmatched by public cuts would increase a current account deficit already temporarily larger."

The review continues: "The task of keeping the exchange rate on the desired path will fall only partly on monetary policy, since some use of the reserves and of external borrowing could also be made in what should merely amount to a smoothing operation. It should, therefore, be possible for monetary expansion to proceed at rates consistent with a gradual deceleration in prices."

The review emphasises that its *medium-term projection is constructed* on the basic assumption that the current account of the balance of payments must be in balance by 1980. A key point is that "this payments target implies a required transfer of resources into the net trade balance on goods and services. Exports are 'given' by world trade growth only at 'constant competitiveness' and they, with the terms of trade also given, dictate imports.

"Given imports and an *assumed elasticity of 1.5 between* gross domestic product and imports, there is a maximum feasible GDP which is then the resource constraint."

The review says that North Sea oil certainly eases the constraint and "allows the economy to operate nearer productive potential."

## Deficits

But it is noted that "the *balance on non-trade items* (net property income and transfers) which has always been in surplus in the past, is expected to deteriorate sharply between 1977 and 1980 because of financing charges on continuing deficits and profit outflows from foreign oil companies in the North Sea.

"Interest payments on the debt received to finance the abnormally large deficits since 1973 (which have already accumulated to over £6bn. and may total around £12bn. by 1980) could exceed £1bn. Remittances paid abroad from the North Sea may reduce net property income by a further £½bn."

The whole of this medium-term projection is seen in the context of an assumption that *there is* a medium-term, in the sense that the U.K. is not plunged into another short-term crisis during 1977. The forecasts assume 6 per cent. earnings growth in 1977, but the NIESR says earnings figures growth in excess of 10 per cent. "would begin to look like crisis figures."

The world trade assumption in the medium term is a slow recovery followed by a growth rate of 9 per cent. a year from 1978 onwards—only slightly above the trend rate of 7 per cent. to 8 per cent. The NIESR emphasises that, "broadly speaking, the economic strategy of the present Government is to allow growth of world trade to generate renewed expansion in the U.K. economy"—via the direct effect on exports and the *indirect effect on investment and* private consumption.

The NIESR says that "only by coincidence" will this constrained growth of GDP achieve full employment. "This coincidence occurs if the growth of world trade is sufficient to generate, at the terms of trade set by external forces, adequate export volume to finance the import volume implied by full employment."

The NIESR's projections on unchanged policies are shown in the accompanying table. "The implication of the world trade and commodity price projections is that GDP can only grow by 2.8 per cent. on average in the three years 1978-80" (that is less than the growth of productive potential).

The review says that over the *projected medium-term period* "total fixed investment is assumed to be virtually static" because "the rise in GDP requires only a moderate increase in the capital stock and at the end of 1977 there is assumed to be some spare capacity still in existence, in spite of low investment meanwhile."

"It seems clear enough that vast amounts of capital are not needed to provide such a moderate growth of GDP in a situation of considerable excess labour supply."

The NIESR adds: "To summarise, in this projection balance of payments equilibrium is achieved at the cost of high unemployment throughout the period. The low growth rate of resources implies restraint in public consumption if prior claims are to be accommodated."

The NIESR considers a number of ways in which there could be a more favourable outcome for employment levels.

● External competitiveness is not merely maintained but actually improved through a cut in real wages. "To achieve full employment by 1980 it would probably be necessary to achieve approximately an extra 5 per cent. growth over the four years 1977-80 or another 1¼ per cent. a year." The terms of trade would have to deteriorate by an additional 2¼ per cent. a year, either through reduced money wage growth with exchange rate constant or constant money wage growth with exchange rate depreciating.

● The option of increased foreign borrowing: There would still be a balance of payments deficit by 1980 and there would be a risk of exchange rate crises, greater concern on the part of foreign creditors, and potentially destabilising effects on domestic inflation and domestic output.

● *Import controls and surcharges*: These might offer the possibility of the same balance of payments improvement with less worsening in the terms of trade. But "we doubt whether one could secure by international negotiations a system of balance of payments adjustment over the medium-term, which would be significantly less costly to the U.K. than devaluation."

● Tax increases: "The problem with such a course of action . . . that wage claims have been found *in recent studies to be* sensitive both to indirect taxes (through consumer prices) and to direct taxes." But excessive real pre-tax wage demands "can only be frustrated by the exchange rate, with the implication that an inflationary spiral of nominal wages and import costs would be generated."

Other points made in the latest NIESR review are:

● Incomes policy: "Both the weekly average earnings index and the weekly wage rates index peaked (*at just over 30 per cent.*) in the spring, before the introduction of the new pay policy . . . there was evidence, from the textile industry in particular, that the recession was exercising a moderating influence in certain sectors. While the strict adherence to the £6 policy in all the settlements made known since July has undoubtedly exerted a powerful downward pressure on earnings as a whole, it can reasonably be argued that in some sectors it has actually raised wages, and that the low paid . . . could not have expected to get the £6 they now have."

**PROJECTION TO 1980 ON "UNCHANGED POLICIES"**

...Net trade balance, goods and services (change per annum as per cent of GDP) ......0.1 ......0.6 ......1.2

per cent. change, year-on-year, unless otherwise specified

| | 1976 | 1977 | 1978-80(³) | 1977-80(⁴) |
|---|---|---|---|---|
| **REAL VARIABLES** | | | | |
| Real GDP | 1.3 | 2.0 | 2.8 | 2.6 |
| Real wages (pre-tax) | −1.3 | −0.4 | 2.0 | 1.4 |
| Unemployment(¹) (per cent. of labour force, average for year) | 5.4 | 6.0 | 6.2 | 6.2 (6.2 in 1980) |
| *Terms of trade* | 0.1 | −0.3 | −0.8 | −0.7 |
| **RESOURCE USES, 1970 PRICES** | | | | |
| Net trade balance, goods and services (change per annum as per cent. of GDP) | 0.1 | 0.6 | 1.2 | 1.0 |
| Private consumption | −1.7 | 0.3 | 1.7 | 1.4 |
| Total fixed investment and stockbuilding | 8.8 | 6.3 | 3.5 | 4.1 |
| Public consumption | 2.9 | — | — | — |
| **MONETARY VARIABLES** | | | | |
| Current account deficit (£ billion, current prices) | −2.0 | −1.9 | −0.7 | −1.0 (0 in 1980) |
| Public sector borrowing requirement (per cent. of GDP) | 11.3 | 10.8 | 7.5 | 8.1 (6.4 in 1980) |
| Consumer Prices | 14.5 | 7.5 | 5.0 | 5.6 |
| Money supply (M3, per cent. change, IV on IV) | 14.7 | 12.7 | 8.0 | 9.2 |
| *Short-term interest rates* (per cent. per annum, for year) | 11.0 | 11.0 | 8.0 | 8.7 |
| Effective exchange rate(²) | −9.1 | −0.9 | — | −0.2 |

*Source: NIESR estimates*
¹ U.K. wholly unemployed excluding school leavers and adult students.
² Bank of England definition.
³ Average for the 3 years, 1978-80.
⁴ Average for the 4 years, 1977-80.

**PROJECTION—FULL EMPLOYMENT BY 1980 WITH IMPROVED COMPETITIVENESS**

Per cent. change, year-on-year, unless otherwise specified

| | 1977-80⁴ |
|---|---|
| Real variables | |
| Real GDP | 3.8 |
| Real wages (pre-tax) | 0.1 |
| Unemployment¹ (per cent. of labour force average for year) | 4.2 (2.5 in 1980) |
| Terms of trade | −3.0 |
| Resources uses, 1970 prices | |
| Net trade balance, goods and services (change per annum as per cent. of GDP) | 1.8² |
| Private consumption | 1.4 |
| Total fixed investment and stockbuilding | 6.3 |
| Public consumption | 0.2³ |
| Details of extra resources in 1980 (compared with unchanged policies projection; £ million, 1970 prices, quarterly rate) | |
| Addition by 1980 to—GDP at factor cost | 600 |
| Adjustment to factor cost | 80 |
| GDP at market prices | 680 |
| Private consumption | — |
| Stockbuilding | 30 |
| Fixed investment | 200 |
| Net exports | 430 |
| Public consumption | 20 |

*Source NIESR estimates*
¹ U.K. wholly unemployed, excluding school leavers and adult students.
² This implies a current account balance of nil in 1980.
³ This implies that the public sector borrowing requirement in 1980 would be about 2½ per cent. of GDP.
⁴ Average for the 4 years, 1977-80.

# OECD output likely to rise by 4½%

FINANCIAL TIMES REPORTER

TOTAL OUTPUT in member countries of the Organisation for Economic Co-operation and Development is forecast by the Institute *to grow this year by 4½* per cent., with the prospect of similar growth in 1977. Unemployment is nevertheless likely to remain exceptionally high both this year and next.

Consumer prices in the OECD area are likely to rise by about 8 per cent. this year, followed by a rather lower rate in 1977, even though the Institute foresees further substantial increases in petroleum prices.

The OECD area trade deficit, which was nearly eliminated last year, is expected to return this year and next year to the very high levels of 1974. Conversely, the oil producers' surplus is likely to return to 1974 levels.

The contribution of national Governments to this year's recovery will be limited by their concern over both the size of public expenditure and inflation. Consumer spending will play a crucial role, but is likely to be subdued by unemployment and inflation.

Total output in the OECD area is likely to rise by 4½ per cent. this year and next, and the recovery will be faster in major countries than in small countries.

**CHANGES IN MAIN COMPONENTS OF DEMAND IN OECD COUNTRIES**

Percentages, annual rates in real terms

| | 1975 (estimates) | 1976 (forecasts) |
|---|---|---|
| Consumers' expenditure | +1¼ | +3¼ |
| Public authorities' current spending | +2½ | +2½ |
| Gross fixed investment | −7 | +6 |
| Exports of goods and services | −6 | +4 |
| Imports of goods and services | −8 | +6½ |
| Gross domestic product | −1¼ | +4½ |

*Source: OECD National Accounts of OECD Countries, and NIESR estimates.*

In the United States the recovery will continue throughout this year, and GNP, which fell 2 per cent. last year, will rise by 6 per cent. this year. The U.S. Administration's forecast of a 5.7 per cent. growth rate next year seems very much on the high side.

In Canada recovery will be fairly subdued. GNP should rise by 4½ per cent. this year, followed by some further acceleration next year.

Japan's economy is likely to expand by 5 per cent. this year, with a significantly higher rate of increase in gross domestic product next year. Exports will play a critical role in the recovery, since it will take some time for planned Government expenditure to have much impact on employment and thus on consumer confidence.

In France, the Government has revised its forecast for GNP growth this year down from 4.7 per cent. to 3½-4½ per cent. The lower half of this range seems more plausible than the upper, and a considerable expansion will be needed next year if the target rate of 5½-6 per cent. for the rest of this decade is to be achieved.

The German economy is likely to grow by 4-4½ per cent. this year. There may be no further acceleration next year, since there are no signs of an investment boom anywhere and the German economy is dependent on exports of capital goods.

Prospects for Italy are based on political rather than economic judgment, but 1 per cent. growth in GDP is the best that can be hoped for this year.

Belgium has not yet seen the end of its recession, and in view of the slow recovery likely in its major trading partners, growth this year is likely to be 1-1½ per cent.

In the Netherlands, the official forecast for this year of 3½ per cent. now seems much too optimistic, and is likely to be nearer 2½ per cent., followed by at least 3½ per cent. next year.

Real growth in Spain is likely to be in the 1-2 per cent. range this year, though forecasting difficulties are considerable.

## Hesitant

In Australia recovery is still hesitant, and real growth this year may be only 2½ per cent., most of which will occur in the second half. Accelerating investment and exports should raise the growth rate next year to 4½ per cent. or even more.

In South Africa the good prospects for higher export earnings are clouded by the increasing size of the fiscal deficit and its impact on inflation. GDP growth this year may barely reach 2-2½ per cent., but exports and a domestic revival may produce a substantially higher figure next year.

In the Irish Republic the weakest point in the economy is gross fixed investment, which will probably continue falling this year. Real growth may reach the lower end of the 2-2½ per cent. increase forecast by the Dublin Institute.

The combination of inflated import prices and declining export markets has resulted for Eastern Europe in massive trade deficits with the West, and has seriously disrupted national plans, causing lower targets to be set for 1976-80. In the Soviet Union the weakened base from which the Plan is starting suggests that growth this year will be considerably below the 5.2 per cent. rate, which is the target for the five-year period.

# Clearing Bank loan analysis

## February 18, 1976

The table covers advances by offices of the London Clearing Banks and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector.

This analysis includes loans under the special schemes for shipbuilding (within item 6 "Shipbuilding") and for exports (within item 25 "Overseas residents"); but amounts which have been refinanced with the Bank of England are not included. The totals of advances outstanding agree to the totals shown in Table 1 of the monthly balance-sheet statement.

| | Total outstanding (1) £m. | Change on quarter (2) £m. | Col. (1) as % of total (3) £m. |
|---|---|---|---|
| **MANUFACTURING** | | | |
| 1. Food, drink and tobacco | 527 | −78 | 2.5 |
| 2. Chemicals and allied industries | 397 | +35 | 1.9 |
| 3. Metal manufacture | 234 | −69 | 1.2 |
| 4. Electrical engineering | 327 | −18 | 1.6 |
| 5. Other engineering and metal goods | 840 | −5 | 4.0 |
| 6. Shipbuilding (including special scheme lending) | 300 | −3 | 1.4 |
| 7. Vehicles | 260 | +44 | 1.3 |
| 8. Textiles, leather and clothing | 418 | +44 | 2.0 |
| 9. Other manufacturing | 705 | +13 | 3.4 |
| Total 1-9 | 4,008 | −37 | 19.3 |
| **OTHER PRODUCTION** | | | |
| 10. Agriculture, forestry and fishing | 755 | −4 | 3.7 |
| 11. Mining and quarrying | 236 | +15 | 1.1 |
| 12. Construction | 1,181 | +45 | 5.7 |
| Total 10-12 | 2,172 | +56 | 10.5 |
| **FINANCIAL** | | | |
| 13. Hire purchase finance companies | 180 | −6 | 0.9 |
| 14. Property companies | 1,432 | +18 | 6.9 |
| 15. Insurance enterprises (including pension funds) | 152 | +7 | 0.7 |
| 16. Other financial | 1,172 | +17† | 5.6 |
| Total 13-16 | 2,936 | +36 | 14.1 |
| **SERVICES** | | | |
| 17. Transport and communications | 522 | −19 | 2.5 |
| 18. Public utilities and national government | 772 | −48 | 3.7 |
| 19. Local government services | 136 | +2 | 0.7 |
| 20. Retail distribution | 802 | −28 | 3.9 |
| 21. Other distribution | 681 | +19 | 3.3 |
| 22. Professional, scientific and miscellaneous | 1,642 | +54 | 7.9 |
| Total 17-22 | 4,555 | −20 | 22.0 |
| **PERSONAL** | | | |
| 23. House purchase | 1,032 | +13 | 5.0 |
| 24. Other personal | 2,005 | +70 | 9.6 |
| Total 23-24 | 3,037 | +83 | 14.6 |
| TOTAL ADVANCES TO U.K. RESIDENTS | 16,708 | +118† | 80.5 |
| **OVERSEAS** | | | |
| 25. Overseas residents (including lending for exports under special schemes) | 4,043 | +19 | 19.5 |
| TOTAL ADVANCES* | 20,751 | +137† | 100.0 |
| * Including advances in foreign currencies | 4,531 | +106 | |
| of which to: U.K. residents | 2,390 | +133 | |
| Overseas residents | 2,141 | −27 | |

† Excluding a rise of 253 in the outstanding level of advances as a result of the change in the statistical treatment of First National Finance Corporation from a "listed bank" to a private sector financial institution.

# London Clearing Banks' balances

## at February 18, 1976

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

**TABLE 1. AGGREGATE BALANCES**

| | Total outstanding £m. | £m. | Change on month £m. | £m. |
|---|---|---|---|---|
| **LIABILITIES** | | | | |
| Sterling deposits: | | | | |
| U.K. banking system | 2,602 | | +114 | |
| Other U.K. residents | 22,589 | | −232 | |
| Overseas residents | 1,647 | | −18 | |
| Certificates of deposit | 1,611 | | +71 | |
| | | 28,459 | | −57 |
| of which: Sight | | 10,296 | | −225 |
| Time (inc. CD's) | | 18,163 | | +168 |
| Foreign currency deposits: | | | | |
| U.K. banking system | 2,477 | | −58 | |
| Other U.K. residents | 552 | | −11 | |
| Overseas residents | 7,189 | | +132 | |
| Certificates of deposit | 1,030 | | −25 | |
| | | 11,248 | | +38 |
| Total deposits | | 39,707 | | +1 |
| Other liabilities | | 6,128 | | −352 |
| TOTAL LIABILITIES | | 45,835 | | −351 |
| **ASSETS** | | | | |
| Sterling | | | | |
| Notes, coin and balances with Bank of England | | 954 | | −32 |
| Market loans: | | | | |
| Discount market | 1,620 | | −231 | |
| U.K. banks | 4,193 | | +229 | |
| Certificates of deposit held | 690 | | +107 | |
| Local authorities | 1,254 | | +22 | |
| Other | 407 | | +26 | |
| | | 8,164 | | +153 |
| Bills: | | | | |
| Treasury bills | 911 | | −1 | |
| Other bills | 590 | | +1 | |
| | | 1,501 | | — |
| Special deposits with Bank of England | | 664 | | +224 |
| Investments: | | | | |
| British Government stocks | 1,853 | | −89 | |
| Other | 994 | | −4 | |
| | | 2,847 | | −93 |
| Advances: | | | | |
| U.K. private sector | 14,161 | | −99 | |
| U.K. public sector | 156 | | −72 | |
| Overseas residents | 1,903 | | +4 | |
| | | 16,220 | | −167 |
| Other sterling assets | | 3,732 | | −556 |
| Foreign currencies | | | | |
| Market loans: | | | | |
| U.K. banks and discount market | 2,641 | | +48 | |
| Certificates of deposit held | 232 | | +22 | |
| Other | 3,794 | | +38 | |
| | | 6,667 | | +108 |
| Bills | | 23 | | −26 |
| Advances: | | | | |
| U.K. private sector | 1,536 | | +29 | |
| U.K. public sector | 854 | | +1 | |
| Overseas residents | 2,141 | | +12 | |
| | | 4,531 | | +42 |
| Other foreign currency assets | | 532 | | +16 |
| TOTAL ASSETS | | 45,835 | | −351 |
| Acceptances | | 271 | | +25 |

**TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES**

| | TOTAL Outstanding £m. | Change on month £m. | BARCLAYS Outstanding £m. | Change on month £m. | LLOYDS Outstanding £m. | Change on month £m. | MIDLAND Outstanding £m. | Change on month £m. | NATIONAL WESTMINSTER Outstanding £m. | Change on month £m. | WILLIAMS & GLYN'S Outstanding £m. | Change on month £m. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **LIABILITIES** | | | | | | | | | | | | |
| Total deposits | 39,707 | +1 | 10,629 | +25 | 7,537 | +98 | 7,787 | −67 | 12,204 | −50 | 1,150 | −5 |
| **ASSETS** | | | | | | | | | | | | |
| Cash and balances with Bank of England | 954 | −32 | 308 | +9 | 168 | −13 | 227 | +15 | 330 | −64 | 21 | +1 |
| Market loans: | | | | | | | | | | | | |
| U.K. banks and discount market | 8,454 | +46 | 2,002 | +164 | 2,088 | +113 | 1,579 | −86 | 2,683 | −159 | 302 | +11 |
| Other | 8,377 | +219 | 1,470 | +17 | 1,388 | +40 | 1,037 | +3 | 2,172 | +182 | 250 | −27 |
| Bills | 1,524 | −26 | 440 | −137 | 287 | +31 | 150 | +18 | 320 | +57 | 47 | +2 |
| Special deposits with Bank of England | 664 | +224 | 208 | +71 | 100 | +32 | 133 | +45 | 204 | +69 | 19 | +6 |
| British Government stocks | 1,853 | −89 | 457 | −20 | 413 | −49 | 387 | +3 | 568 | −24 | 28 | +1 |
| Advances | 20,731 | −125 | 5,988 | −27 | 3,190 | −17 | 4,276 | −40 | 6,425 | −44 | 852 | +3 |

**TABLE 3. CREDIT CONTROL INFORMATION (Parent banks only)**

| | TOTAL | Change | BARCLAYS | Change | LLOYDS | Change | MIDLAND | Change | NATIONAL WESTMINSTER | Change | WILLIAMS & GLYN'S | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Eligible liabilities | 18,698 | −203 | 5,825 | −134 | 2,883 | +28 | 4,099 | +6 | 5,220 | −73 | 591 | −10 |
| Reserve assets | 2,568 | −114 | 796 | −115 | 423 | +28 | 579 | +26 | 688 | −32 | 80 | −1 |
| Reserve ratio (%) | 13.7 | −0.5 | 13.7 | −1.5 | 14.9 | +0.9 | 14.1 | +0.6 | 12.9 | −0.8 | 13.5 | — |

# Banking figures

(as table 9 in Bank of England Quarterly Bulletin)
ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS
I—Banks

| | Feb. 18, 1976 £m. | Change on month £m. |
|---|---|---|
| **Eligible liabilities** | | |
| U.K. banks | | |
| London clearing banks | 18,810 | −200 |
| Scottish clearing banks | 1,952 | +44 |
| Northern Ireland banks | 497 | +9 |
| Accepting houses | 1,636 | +132 |
| Other | 5,614 | +85 |
| Overseas banks | | |
| American banks | 2,712 | −6 |
| Japanese banks | 155 | +1 |
| Other overseas banks | 1,679 | +59 |
| Consortium banks | 152 | +12 |
| Total eligible liabilities* | 33,207 | +135 |
| **Reserve assets** | | |
| U.K. banks | | |
| London clearing banks | 2,583 | −114 |
| Scottish clearing banks | 274 | +9 |
| Northern Ireland banks | 86 | +3 |
| Accepting houses | 341 | +44 |
| Other | 1,024 | +42 |
| Overseas banks | | |
| American banks | 433 | +1 |
| Japanese banks | 24 | −1 |
| Other overseas banks | 317 | +5 |
| Consortium banks | 40 | −2 |
| Total reserve assets | 5,122 | −15 |
| **Ratios %** | | |
| U.K. banks | | |
| London clearing banks | 13.7 | −0.5 |
| Scottish clearing banks | 14.0 | +0.1 |
| Northern Ireland banks | 17.3 | +0.2 |
| Accepting houses | 20.8 | +1.0 |
| Other | 18.2 | +0.4 |
| Overseas banks | | |
| American banks | 16.0 | +0.1 |
| Japanese banks | 15.8 | −0.5 |
| Other overseas banks | 18.9 | −0.4 |
| Consortium banks | 26.4 | −3.7 |
| Combined ratio | 15.4 | −0.1 |
| | £m. | £m. |
| **Constitution of total reserve assets** | | |
| Balances with Bank of England | 269 | −34 |
| Money at call: | | |
| Discount market | 2,635 | +158 |
| Other | 226 | −3 |
| Tax reserve certificates | — | — |
| U.K., Northern Ireland Treasury Bills | 1,428 | −42 |
| Other bills: | | |
| Local authority | 58 | −9 |
| Commercial | 558 | +20 |
| British Government stocks with one year or less to final maturity | 548 | −105 |
| Other | — | — |
| Total reserve assets | 5,122 | −15 |
| | £m. | £m. |
| N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to | 254 | +1 |
| **2—Finance houses** | | |
| Eligible liabilities | 260 | +4 |
| Reserve assets | 30 | −1.7 |
| Ratio (%) | 11.4 | −1.0 |

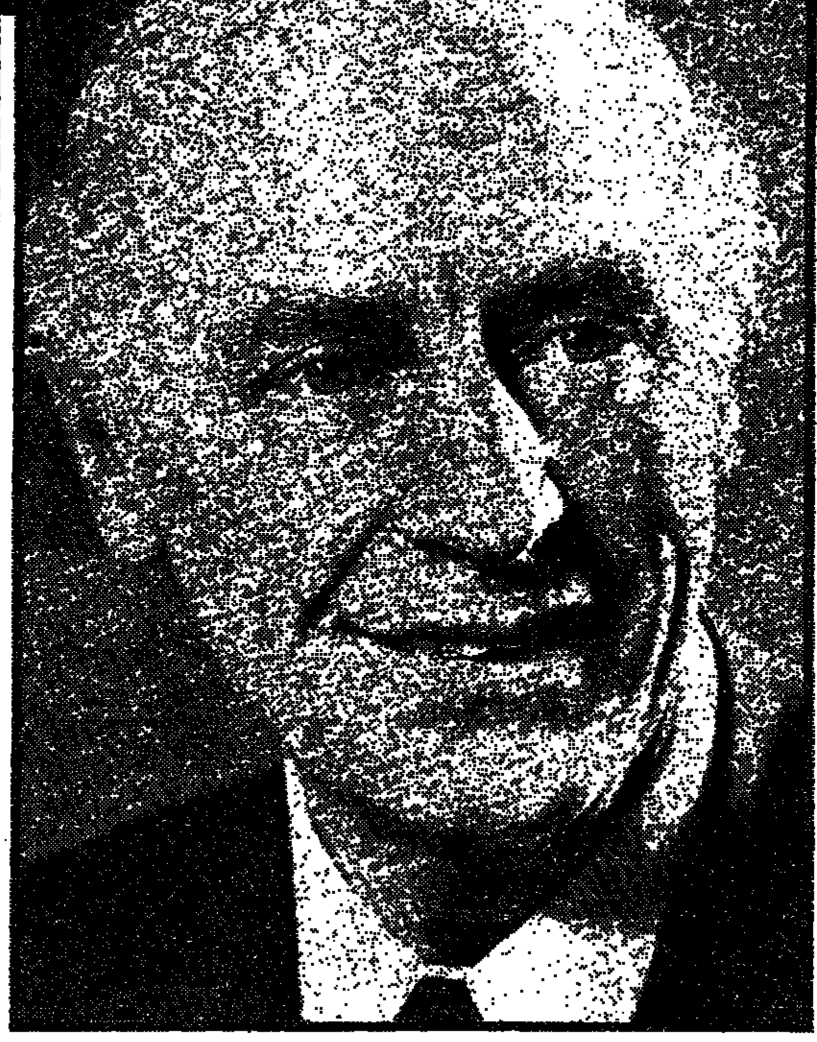
Special deposits at February 18 were £972m. (up £225m.) for banks and £8m. (up £3m.) for finance houses.

* Interest-bearing eligible liabilities were £22,933m. (up £417m.).

# "Increase in rates of Reversionary Bonus."

## STATEMENT BY THE CHAIRMAN, MR. T. N. RISK.

### To be presented to the Annual General Meeting on 16th March 1976.



RETIRING DIRECTORS

Before turning to a review of the past year I must pay tribute to two members of our Head Office Board, now retired, Sir William Watson and Mr. W. A. Arbuckle. Sir William joined the Board in 1941 and was Chairman from 1966 to 1969. With his shrewd and questioning mind, and his wide experience, he contributed greatly to our discussions. Mr. W. A. Arbuckle was elected to our Canadian Board in 1952 and became its Chairman in 1958, a post which he held until the end of last year. It would be impossible to overstate the contribution he has made to our affairs in Canada by the close personal interest he has taken in our business there and by the way in which, without stint, he put his great financial knowledge and experience at our disposal. It was at once due to the growth of our Canadian business, and a tribute to his leadership, that in 1961 we felt that our Canadian Chairman should be a member of the Head Office Board. I am glad to say that Mr. Arbuckle is remaining a member of the Canadian Board and our Canadian organisation will continue to benefit from his sage counsel. We shall miss him in Edinburgh, but we welcome Mr. Lucien Rolland who has succeeded to the chairmanship in Canada and who therefore joins us in Mr. Arbuckle's place.

ECONOMIC OUTLOOK

The problems which dominated my annual review a year ago are still with us. There are welcome signs that the steps which our Government are belatedly taking to counter inflation are having some effect, though at a cost to the living standards of many. As unemployment continues to increase, the battle against inflation will become more difficult and unpopular but failure would be disastrous for all. Life assurance companies are peculiarly vulnerable to inflation since the terms on which their contracts have been made are fixed and cannot be adjusted to allow for increased costs. Further, long term contracts demand stability in the value of the currency in which they are expressed, if policyholders are not to be cheated of their reasonable expectations. We are solidly behind the Government in their intention to restore credibility to our currency.

INVESTMENT CONDITIONS

During the year we saw a remarkable reversal of the gloom which prevailed towards the end of 1974. The change in market levels during the year added approximately £200m. to the value of the assets shown in our accounts a year ago. We judge the value of our assets by the security of the capital and the income they produce and not by their market value at a particular moment. Our judgments are naturally less volatile than those of the market; this approach brought us reassurance when we contemplated the fall in market values at the end of last year but, per contra, we must guard against undue elation at the recovery. I shall have further observations to make on this subject when I come to discuss the results of our actuarial valuation. One reason which must temper our enthusiasm at the market's recovery is that the rewards to be derived from investment in industry do not appear to have improved in line with changes in share prices, and this is bound to cast some doubt on the attractiveness of U.K. ordinary shares as an investment at present.

There has been much, and largely ill-informed, criticism in recent months that the investing institutions have not adequately provided finance for industry. I am not persuaded that this claim has any foundation in fact. It is true that industry has invested less than might be thought healthy, but this is a direct consequence of a series of factors beyond the control of industry or indeed of the investing institutions. Management sees on the one hand ample evidence of worker resistance to the introduction of new and more efficient manufacturing processes, and on the other the erosion of profits brought about by continually increasing costs and price controls on the finished product. Uncertainty as to the Government's aims and policies does not breed confidence and the extent of the Government's own borrowings has increased the cost of raising new capital to a prohibitive level when compared with the profits likely to be derived from its investment. This is the crux of a problem which will not be solved by tinkering with symptoms or setting up any elaborate organisation which will not in itself tap any new source of funds for equity investment. A reduction in Government borrowing and a recognition that the life blood of commerce and industry is net profits out of which further investment can be financed are essential.

LEGISLATION

The year has seen no reduction in the volume of legislation which directly or indirectly affects our business and materially adds to our operating costs. Our policyholders are paying heavily for the abuse by a comparatively small sector of the market of the taxation privileges accorded to life assurance companies. One cannot wonder that the authorities have felt driven to take action: the pity is that in blocking the loopholes they often interfere with utterly blameless transactions to the detriment of the innocent. It is, for example, incredible, but true, that one of our staple contracts, the with profit whole life policy by uniform annual premiums which we have been selling for over 150 years should now at younger ages fall foul of the new regulations governing what contracts are eligible for life assurance premium relief.

Apart from the direct administrative cost of complying with ever more complicated rules there is a hidden and insidious growth in the costs our policyholders are being called upon to bear as a result of various legislative enactments which have as their object the protection of the consumer. Unfortunately, in the context of our business, such protection is likely to benefit only a minority and for the majority the price at which it is purchased may be high. The Consumer Credit Act 1974, for example, if it is administered as we have been informed, will, by its complications, make it uneconomic to continue to grant loans on security of our policies as an automatic right. Such loans have long been one of the cheapest sources of credit available and so in the apparent interest of a small number of consumers all future policyholders will be deprived of a valuable right.

A further example is the Policyholders Protection Act which reached the Statute Book during the year. This unsatisfactory Act did not add to the funds available to meet the claims of policyholders as a whole. Its limited purpose was to ensure that the losses of the minority who through ill-luck, cupidity, or bad advice had entrusted their savings to unsound companies, would be shared by the larger number of policyholders of more prudently managed companies. However, recent events seem to have denied it even this modest measure of success and it is sadly apparent that if the Department of Trade had instead used the extensive powers they already possess to amend the obsolete regulations governing the winding up of life insurance companies, it is likely that some of the unfortunate minority would by now have received some payments under their policies and that unnecessary delay and expense would have been avoided.

NATIONAL PENSIONS

The Social Security Pensions Act 1975 is now on the Statute Book and employers are faced with the decision whether or not to join the government scheme or to provide equivalent benefits under their own occupational schemes. The choice is not easy, and cannot be based purely on immediate comparisons of cost. The future is too uncertain for that. In times of high inflation the cost of providing pensions which are linked to final salaries can be frightening. There is no investment medium available whose return can be relied on to keep pace with rates of inflation at the levels we have been experiencing. It is certain that, if inflationary tendencies continue unabated the holders of pensions which are, like those of the government scheme, misleadingly described as "inflation-proofed" will be due for a bitter disappointment when the bill is eventually presented and national resources are insufficient, as they will be, to meet it.

The Government has repeatedly stated its desire to encourage good occupational pension schemes, and the Department of Health and Social Security has shown itself sympathetic to the representations which the pensions industry has made on the need to find some means of limiting the liability to revalue accrued pension rights of employees who leave before pension age. The open-ended nature of this commitment was undoubtedly inhibiting decision and the introduction of new occupational schemes. The announcement made in mid-February that one of the solutions for which the industry had pressed was to be adopted was therefore most welcome.

The way is not, however, entirely clear. The Government have decided that, with minor exceptions, the cost of new or improved pension schemes must count against the £6 maximum allowable increase in wages. This does not make for good pensions planning. We have reluctantly accepted this decision on the grounds that the fight against inflation must have absolute priority, but we must hope for an early relaxation.

CANADA

Last October a new chapter was opened in Canada when the Federal Government abruptly reversed its stance of only a few months previously and introduced a programme of economic restraint including wage and price controls and monetary and fiscal tightness. The Canadian economy has in fact experienced only a mild recession but export markets were weak, inflation persisted at about the 11 per cent level, inflationary expectations were worsening and there was an alarming increase in wage demands during the year. Our Canadian colleagues naturally feel that it is much too early to make any prediction of the results of this new programme. While there is a general expectation that it will go some way to control and even to reduce inflation, there is also an atmosphere of great uncertainty while labour leaders organise themselves in opposition to the programme and leaders in business and industry try to see the way ahead amid the enormous complexity of the regulations for the implementation of wage and price controls.

Our business in Canada is largely weighted on the side of pensions and annuities and as might be expected in a period of inflation there was a continuation of the growth in our liabilities for annuity and pension business and the assets covering them. On the life assurance side of our business, progress was minimal during 1975 largely because of the difficulties experienced in adding to the number of men representing the Company in the field. This and a general strengthening of our field organisation is a major project for the next few years.

The Company's reputation in Canada is high and is continually maintained by the excellence of the results of its with profits policies and of the investment return on its funds of which there can be no better evidence than the growth of the volume of money committed to us for investment management which now amounts to about $300m. at market value.

VALUATION RESULTS

As mentioned earlier the market value of our assets is now such that the provision of £250m., transferred in 1974 to the Investment Reserve, is no longer fully required. Other things being equal we should not normally expect to see the value of our "long-term insurance funds" fluctuating from year to year with changes in market conditions. We must, as their name suggests, take a longer and more dispassionate view. As compared with 1974, however, other things are not equal. So far the Government's counter-inflationary policy appears to be working, and rates of interest are reflecting this by their continued downward trend.

The main source of our strength, and our ability to meet with success the strains we were put to last year lies in the margin which we have always maintained between the rate of interest we actually earn on our funds and the rates which the actuaries assume will be earned when making their calculations. The changed conditions, and the feeling that the rates of interest ruling at the end of last year were surely abnormal, have led them to feel that the rates assumed in the valuation of our liabilities should be reduced so as to preserve the strength of our valuation basis. We have therefore taken credit for £150m. of the appreciation which has occurred in the value of our assets and we have applied virtually the whole of this sum to meeting the cost of the alteration in the basis on which our liabilities have been valued.

The high rates of interest available have increased the revenue surplus available for distribution, both here and in Canada, and have permitted a modest, but significant, increase in our rates of reversionary bonus. The drop in the rates of interest assumed in our valuation allows us to put a higher value on the future income expected to be derived from our equity portfolio than in 1974 and this has resulted in an increase in our rates of terminal bonus. For twenty-five years, now, the "Economist" has compiled tables comparing the claim values of policies effected at a fixed premium with different companies. We have been consistently among the leaders in these comparisons and I believe that the current declaration will enable us to maintain a record which is equalled by few and surpassed by none.

STAFF

I must first refer to the retirement of our Pensions Manager Mr. T.W.N. McCallum. His experience in the company was wide-ranging, and he was an acknowledged expert in his subject. He was a devoted servant and his many friends and colleagues will miss him. In South Region too age has taken its toll. Mr. H.W. McLellan, Regional Manager, Mr. A. H. Johnston, Regional Pensions Manager, and Mr. Stanley White, Regional Agency Manager, have all joined the ranks of our pensioners. Each in his own way has made an immense contribution to our success in a challenging and competitive market and has left his successor with an organisation well fitted to meet these demands. These four men have earned their retirement, and we wish them well.

The new business figures contained in the Directors' Report show that we have more than maintained our share of the market and are a tribute to the energy and knowledge of our sales staff. Success on this scale brings its problems and our administrative staff have responded to these with enthusiasm and have maintained the standard of service without which the sales staff would labour in vain. It is worthy of note that all this has been achieved with no increase in the numbers of our staff. I am very grateful to them all.

# Standard Life

## The largest mutual life assurance company in the European Community.

Head Office: 3 George Street, Edinburgh.

# Wardley clue to HK Bank profits

By Philip Bowring

HONG KONG, March 9.

A SUBSTANTIAL clue emerged to-day as to why the consolidated profits of the Hongkong and Shanghai Bank for 1975 are *expected to show a much smaller* increase than the unconsolidated version. (Last month the bank announced unconsolidated profits up 12 per cent. to HK$312m., *but said the consolidated* figure would be up by only about 9 per cent.)

The clue lies in the annual report of Wardley, the wholly *owned merchant banking* subsidiary of the HK Bank. Its attributable profits last year grew to HK$23.4m. compared with a mere $532,000 in 1974 *when various* problems were encountered. HK$20m. or four-fifths of Wardley's profits have been paid out in dividend to the bank.

*Thus* Wardley accounts for 60 per cent. of the HK$34m. HK Bank unconsolidated profit increase last year, and the high payout lowers the rate of increase in the bank's consolidated profits, relative to the unconsolidated variety.

Wardley's result was despite the fact that its principal subsidiary, Wayfoong Finance, a finance company, was sold back to the parent during last year. Meanwhile Wardley has benefitted from the big upsurge in corporate affairs activity last year, mostly in the second half, and in loan syndications, including managing a U.S.$55m. *loan for the Indonesian government* and a HK$500m. loan for thet HK Mass Transit Railway.

# Banque Canadienne assets growth

Financial Times Reporter

TOTAL ASSETS of Banque Canadienne Nationale, the sixth largest of the Canadian chartered banks, topped the $5bn. mark for the first time during the first *three months of its current financial* year. At January 31, 1975 its assets totalled $5,224,268,000, an increase of 18 per cent. on the 1975 first quarter figure of $4,427,237,000. BCN recently inaugurated its London representative office at 27-32, Old Jewry, E.C.2.

*Profits after tax for the quarter* were 17 per cent. up at $6,084,346 compared with $5,199,908 for the same period last year.

BCN President Germain Perreault in his report to the shareholders notes that this growth in profits was largely attributable to a 22.8 per cent. *increase in loans volume during* the past year.

International transactions accounted for more than 51 per cent. of assets growth, with BCN foreign loans increasing by more than 53 per cent. during the past year.

Mr. Perreault also said that *the new BCN stock issue*, which terminated on February 20, was highly successful and would permit the BCN to continue to expand and improve its revenue base.

Total revenue for the three months under review was $117,762,274, showing an increase *of $8,926,488 over the corresponding* period of 1975. Income from securities was $14,532,520 in this year's opening quarter, compared with $16,026,859 in the comparable 1975 period. Income from loans was $95,334,877, an increase from last year's $85,619,463. Other operating revenue totalled $7,894,877, compared with $7,189,464 for the first quarter in 1975.

Dividend payments to shareholders for this year's first *quarter were $1,890,000, against* $1,750,000 a year ago.

# LKAB earnings fall with new depreciation estimate

BY WILLIAM DULLFORCE

STOCKHOLM, March 9.

PRE-TAX earnings for LKAB, Sweden's *state-owned* mining company, fell from Kr.128m. in 1974 to Kr.37m. (£4.35m.) last year, according to the preliminary report for the year.

*Although ore prices rose by an* average of 40 per cent. during 1975, parent company sales dropped from Kr.1.94bn. to Kr.1.8bn. (£212m.) following the *collapse in demand from* the West European steelmakers.

Without inventory gains of Kr.47m. (£5.5m.), the group would have shown a loss. On *the other hand the pre-tax figure* is struck for the first time after depreciation based on replacement cost, amounting to Kr.524m. (£61.6m.) for the year. *Depreciation* would have been only Kr.247m., had LKAB followed its earlier accounting practices.

The results are in fact slightly *better than that forecast in the* eight-month interim report, which indicated a final pre-tax profit of around Kr.175m. after depreciation calculated on the *old basis. The switch* to cost-calculated depreciation is interesting in that LKAB is a wholly-owned state company and the new book-keeping practice *will reduce both the* dividend and the taxes payable to the state.

The preliminary report offers no predictions for 1976 and negotiations on ore prices have not yet been finished. The report is equally silent about LKAB's cash problems. In December, the financial director Mr. Arne Henrikson stated that the group's liquid assets had fallen by some Kr.500m. over the year with about Kr.300m. tied up in stocks.

Earnings had to improve, Mr. Henrikson said. In effect 1975 earnings after cost-calculated depreciation are given as 1.2 per cent. of capital employed compared with 3.6 per cent. in the previous year.

Group investments during the year were Kr.364m. compared with Kr.280m. in 1974. Expenditure on prospecting rose from Kr.10.7m. to Kr.19.5m.

Ore deliveries fell sharply to 20.7m. tonnes from the 31.2m. tonnes achieved in 1974, while production at the parent company mines declined by only 4.5m. tonnes to 25.5m. tonnes. *Ore stocks rose during the year* by 5.5m. tonnes, of which 1.1m. tonnes were held on the Continent at the end of the year.

# Sharp downturn at NK/Turitz

BY WILLIAM DULLFORCE

STOCKHOLM, March 9.

NK/Turitz, the Swedish private retail store, which is currently the subject of a takeover bid by a rival chain, Ahlen Och Holm, shows a pre-tax loss of Kr.24m. (£2.8m.) in its final report for the year ending September 30. This compares with earnings of Kr.22m. the previous year. The value of sales, including VAT, rose by 9 per *cent. to Kr.3.26bn. (£384m.)*, indicating a slight drop in volume; the Swedish consumer price index rose by 10-11 per cent. over the year.

Ahlen Och Holm announced in December a Kr.1.6m. increase in pre-tax earnings to Kr.36m. (£4.2m.) for the 1974-75 financial year, after a 15.4 per cent. rise in turnover to Kr.3.4bn. (£400m.). The Board raised the dividend by Kr.1 to Kr.6 a share. Ahlen Och Holm is offering two new Ordinary shares, or a nominal Kr.200 convertible bond with a 9 per cent. coupon, for five NK Ordinary shares.

The NK Board has recommended shareholders to accept the offer, which has been extended until the end of March. But there has been opposition from NK employees and minority shareholders holding some 14 per *cent. of the equity*, who could prevent Ahlen Och Holm from reaching their 90 per cent. target.

Managing director Erik Soderberg states in the final NK report that a merger with Ahlen Och Holm would produce a swifter profit improvement. On its own NK could *start to improve* earnings from 1976-77 but dividend payments would be resumed only some years later.

The NK report states that cost increases, in particular on wages and salaries, in recent years have smothered the rationalisation gains it has been possible to achieve. Thus, while sales per employee have risen by 56 per cent. *over the five years to 1974-1975*, total costs (wages and employers' charges) per employee have increased by 79 per cent. The return on capital *employed in the Turitz division*, for instance, has sunk from 24 per cent. in the late '50s to roughly 1 per cent.

The 1974-75 report shows a rise in the value of stocks from Kr.426m. to only Kr.438m. and an increase in debtors from Kr.99.7m. to Kr.125m. Long-term *liabilities, including the pension* fund, decreased by Kr.26m. to Kr.627m., while short-term borrowings rose from Kr.355m. to Kr.410m.

# Ford Australia asks for more

BY JAMES FORTH

SYDNEY, March 9.

FORD AUSTRALIA, one of Australia's "big three" motor vehicle assemblers, almost trebled its profit in 1975. The company disclosed the profit gain in a submission to the Prices Justification Tribunal seeking to increase prices. Net profit soared from $A5.4m. in 1974 to $A16.8m. On a pre-tax basis 1975 earnings were $A29.8m. But Ford told the PJT that it believed the profits could be overstated by up to $A19m.

The company said that to survive in the present economic environment the effects of *inflation must be recognised* when arriving at profit results. Ford had consulted with its auditors, Coopers and Lybrand, and concluded that the result could be overstated by up to $A19m. if the effects of inflation on fixed assets and inventories were taken into account. Ford *told the tribunal that huge* profits were needed if it was to achieve a satisfactory cash flow. It suggested that a cash flow ranging between $A45m. to $A55m. a year was necessary which would necessitate after-tax earnings of $A29m. to $A35m. a year.

"Without this level of profitability the company will be forced to make up the shortfall by continuously increasing its indebtedness or continuously reducing its competitiveness in the industry and thereby reduce its scale of operation, eventually to the point of extinction," the company said.

The suggested level of profits necessary is equal to a 5 to 6 per cent. return on sales, which was last achieved in 1969. Despite the jump in 1975 profits it still only lifted the return on sales from 1.1 per cent. in 1974 to 2.7 per cent. Sales in the latest year rose from $A496.1m. to $A585m.

The major factor in the 1975 improvement was a cut in sales tax from 27.5 per cent. to 15 per cent. early in the year and introduction of import quotas, aimed mainly at Japanese imports, to boost depressed sales.

The tax was gradually increased back to the full level, but there was a spurt in vehicle *sales. Apart from this boost* Ford has been doing well with its new models, particularly the highly successful Escort.

Ford has set aside $A5m. for its U.S. parent. The company paid no dividends from 1960 to 1969 and has only paid $A25.6m. since then.

# Strong recovery in Waltons profit

BY JAMES FORTH

SYDNEY, March 9.

WALTONS, THE national retailer, staged a strong recovery to hoist earnings by almost 49 per cent., from $A2.5m. to $A3.7m. in the January half-year. But the company made it clear that the gain was largely a reflection of internal cost *efficiencies*. There was *not* yet a positive indication of a widespread return of consumer confidence, the company said.

"While the directors anticipate that earnings for the full year will be satisfactory the first half result should not necessarily be regarded as a reflection of anticipated second-half earnings."

In the first half of 1974-75 profit dropped from $A5.2m. to $A2.5m., but rallied in the *second half resulting in only a* marginal 3.2 per cent. decline to $A6.3m. for the full year.

The result for the latest half year was better than it appears because Waltons did not receive a dividend from its 50 per cent. owned finance associate, FNCB-Waltons. In the same period of the previous year FNCB-Waltons *paid a dividend of $A766,783.* The finance company recently reported a slump in earnings for the latest half-year from $A683,000 to $A256,000.

The interim dividend is held at 3.75 cents a share, in line with last year's annual payout of 7.5 cents.

Waltons' result compares favourably with the major department store retailer, David Jones, which recently announced *a 31 per cent. profit gain for* the half year.

*All these securities having been sold, this announcement appears as a matter of record only.*

New Issue

$200,000,000

Bethlehem Steel Corporation

8⅜% Debentures, due March 1, 2001

Kuhn, Loeb & Co.
Smith Barney, Harris Upham & Co. Incorporated
Dillon, Read & Co. Inc.
The First Boston Corporation
Goldman, Sachs & Co.
Bache Halsey Stuart Inc.
Blyth Eastman Dillon & Co. Incorporated
Drexel Burnham & Co. Incorporated
Hornblower & Weeks-Hemphill, Noyes Incorporated
E. F. Hutton & Company Inc.
Kidder, Peabody & Co. Incorporated
Lazard Frères & Co.
Lehman Brothers Incorporated
Loeb, Rhoades & Co.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Paine, Webber, Jackson & Curtis Incorporated
Reynolds Securities Inc.
Wertheim & Co., Inc.
White, Weld & Co. Incorporated
Dean Witter & Co. Incorporated
Warburg Paribas Becker Inc.
Bear, Stearns & Co.
L. F. Rothschild & Co.
Shearson Hayden Stone Inc.
Shields Model Roland Securities Incorporated
Weeden & Co. Incorporated
ABD Securities Corporation
Basle Securities Corporation
EuroPartners Securities Corporation
Robert Fleming Incorporated
New Court Securities Corporation
Skandinaviska Enskilda Banken
SoGen-Swiss International Corporation
Svenska Handelsbanken
UBS-DB Corporation
Vereins- und Westbank Aktiengesellschaft
A. E. Ames & Co. Incorporated
Daiwa Securities America Inc.
Dominion Securities Harris & Partners Inc.
Greenshields & Co Inc
The Nikko Securities Co. International, Inc.
Nomura Securities International, Inc.
Wood Gundy Incorporated
Yamaichi International (America), Inc.

March 10, 1976

FRENCH WATCH-MAKERS

# Plan behind the Lip rescue

BY ROBERT MAUTHNER

PARIS, March 9.

THE MASSIVE rescue operation launched last month by the French Government, private industry and some of the major banks to save Lip, the country's biggest watch-maker, is more than just another attempt to prop up France's most notorious "lame duck" company. It is part of a general plan to enable the French watch-making industry as a whole, badly shaken by the world recession and Swiss, American and Japanese competition, to survive in a market which is increasingly oriented towards the new electronic quartz watches.

Lip, of course, is a special case. Not only is it the French standard-bearer at home and abroad, but it has a unique place *in French social history.* The saga three years ago, when the Lip workers occupied the premises of their company, which had been declared bankrupt, *and sold its products* directly to the public is still fresh in the French people's minds. If Lip had been allowed to die as the result of its latest financial difficulties, this would have been widely interpreted as a serious set-back for the French watch-making industry as a whole, to say nothing of the nation-wide labour troubles it might have provoked.

Although M. Claude Neuschwander, the young advertising *executive appointed in 1974 as* managing director of a new Lip company, has been made the scapegoat for all its subsequent troubles by the major French industrial groups and banks who are Lip's main shareholders, it is only fair to note that the general economic climate was hardly propitious for a successful rescue operation.

## A big risk

Under the best of conditions, Lip was not expected to do more than break even in 1975 and make a small profit in 1976. It did, after all, have nearly Frs.8m. (£0.9m.) of old debts to pay off in 1974 and 1975 and that was a burden which even a healthy company with booming markets would have found difficult to bear.

The recession therefore came at an even worse time for Lip than it did for other companies in France. Sales in 1975 fell Frs.35m. short of the Frs.100m. target set by M. Neuschwander himself, and losses last year are estimated to have amounted to between Frs.5m. and Frs.8m. following a Frs.13m. deficit in 1974. At the same time, stocks of components reached what were widely considered to be an excessively high level.

Whatever the extenuating circumstances, M. Neuschwander

M Claude Neuschwander

was judged purely on results and was replaced last month in a radical reshuffle of the top management decided by the Lip holding company, Societe Europeenne d'Horlogerie et d'Equip*ments Mecaniques (SEHEM)* as part of the latest rescue operation.

Under this plan, SEHEM, grouping such major companies as Rhone-Poulenc, BSN-Gervais Danone and the nationalised banks, have agreed to subscribe to an increase of Frs.5m. in the *capital of Lip*, while the banks will provide a further Frs.6m. in short-term credits. The Government, for its part, has undertaken to grant a Frs.7m. long-term loan through the Economic and Social Development Fund, the State soft loan agency.

Now that its immediate cash requirements have been met, it is up to Lip to prove that it can keep its head above water in slightly more favourable economic conditions than last time. It is doubtful whether it will be given another chance if it fails.

Lip is taking a big risk. In spite of the inroads made into the world's markets by cheap watches *produced* by U.S. and Japanese companies such as Timex and Seiko, the French company continues to put its faith in quality and design. It has employed a *number of world* famous industrial designers to produce a highly distinctive, not to say futuristic range of both conventional and electronic watches which, *thanks mainly to the* dynamic sales campaign initiated by M. Neuschwander, have helped to push up exports to about Frs.9m. in 1975. In the first two months of 1976, exports *already* amounted to 25 per cent. of last year's total figure. And the target for this year is that 50 per cent. of total planned production of 500,000 watches should be exported.

Overseas outlets have expanded even during the two lean years *since Lip rose from its ashes.* The Middle East, particularly the Gulf, Saudi Arabia and Libya, Japan, Hong Kong, Singapore and Malaysia have been added to *traditional markets in West* Germany, Italy and Holland. In the U.S. Lip watches are being sold for the first time under the company's brand name by such well-known stores as Bloomingdales in New York and it is hoped that Britain, never a market before, will take between 8,000 and 10,000 watches this year.

However, the big question-mark hanging over Lip's future, and that of the French watch-making industry as a whole, is whether it *will be able to meet the challenge* of the new quartz age, given current estimates that production of quartz watches will amount to nearly 30 per cent. of the total world output of some 300m. watches by 1980. The field is currently dominated by American and Japanese manufacturers and *Lip itself is planning to* devote no more than 10 to 20 per cent. of its total production to quartz in 1976.

The problem facing the hundreds of other small family watch-making concerns in the French Jura region, many of them suppliers of components to the Swiss watch-making industry, is even greater. They do not have either the capacity or the technological know-how to produce electronic watches which Lip has and are almost certainly condemned to death or left to fend for themselves. Indeed, it may well be asked whether the manufacture to fully electronic watches falls within the scope of the traditional watch-making industry at all.

## State aid

*For the moment*, the attitude of the authorities and the industry is that it does, though this is based on the arguable assumption that there will be a continued demand for conventional watches even in the long run. To help the industry to keep abreast of technological progress an organisation called Montrelec was created in 1971 by the main watch-making companies, including Lip, through which State aid to finance the development of electronic watches is channelled. A second company which, like Montrelec, will be able to obtain long-term loans from the State, is being set up by a number of companies including CSF, a Thomson subsidiary, to manufacture electronic components such as printed circuits, trimmers and liquid *cristals for digital watches.* Lip itself is planning to set up a third company, Quartzelec, to meet its own special needs and which will also receive indirect Government *financial aid.*

For the moment, however, the French quartz watch-making industry will remain entirely dependent on foreign imports of integrated circuits, which are one of the essential components of electronic time-pieces. Outside the U.S. and Japan, only one *manufacturer of these circuits* exists — Eurosil, near Munich, originally a subsidiary of the U.S. company Intersil, which has recently been taken over by the West German alarm clock manufacturer Diehl with State aid.

The French watch-making industry thus faces a hazardous *future. It is on the brink of a* radical reorganisation and will become increasingly dependent on public funds to enable it to remain in business. Lip's ability to come to terms with the technological revolution will be an important test case. But even if it manages to do so, it is hard to see how the hundreds of other small watch-makers will be able to survive in their present form.

# Net profits expansion at CSM

BY MICHAEL VAN OS

AMSTERDAM, March 9.

CSM, one of the two Dutch sugar producers, saw its net profits rise to Fls.17.1m. in 1974-75 from Fls.14.3m. the previous year. Profits before depreciation and taxes were up at Fls.50.2m. (Fls.44.6m.).

The company's annual report, published here to-day, shows that sales have risen to Fls.426.4m. (Fls.386.9m.). CSM's dividend has been set at Fls.2.80 *(Fls.2.36)*. It is added that the 10 per cent. bonus payment, which becomes available from March 16, is also entitled to this dividend.

Partly as a result of increased production, wage costs rose to Fls.58.8m. (Fls.49.2m.). Cash flow per share amounted to Fls.23.00 (Fls.19.50), and the net profits to Fls.10.10 (Fls.8.40).

The company's report notes that investments in the year 1974-75 had amounted to Fls.54m.—sharply up on the previous year when they totalled Fls.24.7m. Processing capacity at most of the company's plants was raised to cope with the large harvests.

These were to be expected as a result of progressive EEC policies. This year's investments would again be high at around Fls.45m.

Mr. J. Nieuwenhuijse, a company Board member, said at a Press briefing here to-day on the publication of the report that CSM was continuing to look very hard at the possibilities of diversification. In the past year it had studied companies in the field of foodstuffs and agriculture. So far, the company's acquisition efforts had not met with any success. "This is to be regretted, especially since the opportunities for diversification are very limited in Holland," he added.

However, CSM was still investigating expansion possibi*lities, though "spectacular* developments" were not foreseen in the short term.

# Japan Development Bank plans DM100m. bond

TOKYO, March 9.

THE JAPAN Development Bank plans a DM100m. 7.25 per cent. seven year public bond issue on the German market starting March 19.

It is negotiating with a syndi*cate headed by the Deutsche* Bank and expects telex invitations for the Japanese Government guaranteed bond will be sent out to-day.

The issue price will be set on March 17 and the proceeds will be converted into yen for use in Japan.

* * *

THE Mortagage Bank of Denmark is offering $50m. of seven year notes on the Eurobond market with an expected *coupon of 9 per cent., lead* manager Kuhn Loeb International said. The notes, guaranteed by the Danish State, will be offered on March 19.

* * *

NORSK HYDRO will issue a Fls.75m. 8½ per cent. 15 year debenture loan at a price to be announced before the Bourse opening on March 16 at the latest, Amsterdam-Rotterdam Bank said as consortium leader. Between Fls.15m. and Fls.20m. of the loan will be placed abroad by Banque de Paris et des Pays-Bas, Credit Suisse White Weld, Kreditbank Luxembourgoise and *Swiss Bank Corp.*

Reuter

* * *

IN ADDITION, writes Pauline Clark, the Japanese trading company, Toyo Menka Kaisha, is coming to the market for the first time with a $20m. bond for five years. The bond, which is guaranteed by Tokai Bank, is *expected to be priced to yield* 9¼ per cent. a year. Lead managers are Nikko Securities and Morgan Grenfell.

# Heinz expects record

PITTSBURGH, March 9.

H. J. HEINZ CO. said it expects record fiscal 1976 (ending April 30) earnings, Reuter reports compared with its operating earnings of $4.22 a share in the previous year, before a non-recurring 18 cents a share gain.

The company is keeping to its previously-stated increase of a 10 to 12 per cent. rise in fiscal 1976 earnings.

## A & P forecast

GREAT ATLANTIC and Pacific Tea Co. said it expects fourth quarter operating earnings to be "slightly in the black" before adjustments for store closings, Reuter reports from Montvale, New Jersey.

The company said sales for the 14 week period ended February 28 were $1,870m. (£935m.), up from $1,704m. in last year's 13 week fourth quarter.

A and P said it hopes to return to industry profit levels in five years but this cannot be expected in *its 1976 financial* year and probably not in 1977.

## SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

| STRAIGHTS | Bid | Offer |
|---|---|---|
| Aquitaine 10pc 1985 | 102¼ | 103¼ |
| Ashland 8pc 1987 | 94½ | 95½ |
| Austraswiss 8pc 1987 | 93 | 94 |
| Borregaard 8½pc 1989 | 95½ | 96½ |
| Broken Hill 10pc 1998 | 104 | 105 |
| Carrier 8pc 1987 | 92 | 93 |
| Conoco 8pc 1986 | 98½ | 99½ |
| Consd. Foods 7½pc 1991 | 90½ | 91½ |
| Cutler Hammer 8pc 1987 | 94½ | 95½ |
| EIB 9½pc 1985 | 102½ | 103½ |
| ERAP 9½pc 1985 | 102½ | 103½ |
| Esso 8pc 1986 Nov. | 100½ | 101½ |
| General Cable 8½pc 1987 | 91 | 92 |
| General Motors 8½pc 1986 | 102½ | 103½ |
| Granges 9½pc 1983 | 100½ | 101½ |
| GTE 8½pc 1986 | 99 | 100 |
| New Zealand 9½pc 1982 | 103 | 104 |
| Pacific Light 8pc 1985 | 95½ | 96½ |
| Prov. of Quebec 7½pc 1980 | 91 | 92 |
| Quebec Hydro 8½pc 1980 | 95½ | 96½ |
| Queensland 8½pc 1987 | 93 | 94 |
| Scanraff 8½pc 1988 | 95 | 96 |
| Shell 8pc 1986 | 99½ | 100½ |
| Stand. Oil (Ind.) 8½pc 1980 | 101 | 102 |
| Tenneco 7½pc 1987 | 89½ | 90½ |
| Transocean 8pc 1986 | 99 | 100 |
| Utah 8pc 1987 | 94½ | 95½ |
| Volvo 9½pc 1985 | 100½ | 101½ |
| **NOTES** | | |
| Air France 9½pc 1982 | 102½ | 103½ |
| Ardal 9½pc 1980 | 102½ | 103½ |
| Aust. Ind. Dev. 10½pc 1981 | 103½ | 104½ |
| Barclays 9½pc 1982 | 100½ | 101½ |
| Cie Nat. du Rhone 10pc '82 | 103½ | 104½ |
| Du Pont 7½pc 1978 | 100½ | 101½ |
| Esso 7½pc 1978 | 101 | 102 |
| General Motors 8½pc 1978 | 100 | 101 |
| Montreal 9½pc 1981 | 102 | 103 |
| Nippon Steel 9½pc 1980 | 101½ | 102½ |
| Norway 8pc 1980 | 103½ | 104½ |
| Skand. Enskilda 10½pc 1981 | 103½ | 104½ |

Source: White Weld Securities.

| CONVERTIBLES | Bid | Offer |
|---|---|---|
| American Express 4¼pc '87 | 82 | 84 |
| Ashland 5pc 1988 | 80 | 82 |
| Beatrice Foods 4¼pc 1992 | 95 | 97 |
| Beatrice Foods 4½pc 1992 | 99 | 101 |
| Borden 5pc 1992 | 95 | 97 |
| Broadway Hale 4½pc 1987 | 75 | 77 |
| Canon Camera 7½pc 1989 | 115 | 117 |
| Carnation 4pc 1987 | 81 | 83 |
| Chevron 5pc 1988 | 101 | 103 |
| Dart 4¾pc 1987 | 89 | 91 |
| Eastman Kodak 4½pc 1988 | 115 | 117 |
| Economic Labs. 4¾pc 1987 | 81 | 83 |
| Fed. Dept. Stores 4½pc '85 | 136 | 138 |
| Firestone 5pc 1988 | 95 | 97 |
| Ford 6pc 1986 | 98 | 99 |
| Ford 5pc 1988 | 87 | 89 |
| General Electric 4¼pc 1987 | 86 | 88 |
| Gillette 4½pc 1987 | 81 | 83 |
| Gould 5pc 1987 | 88½ | 90½ |
| Gulf and Western 5pc 1988 | 102 | 104 |
| Harris 5pc 1992 | 84 | 86 |
| Honeywell 6pc 1986 | 81 | 83 |
| ITT 4½pc 1987 | 77 | 79 |
| Komatsu 7½pc 1990 | 102 | 104 |
| J. Ray McDermott 4¾pc '87 | 116½ | 118½ |
| Mitsubishi Elec. 7½pc 1991 | 103 | 105 |
| Mitsui 7½pc 1990 | 103 | 104½ |
| J. P. Morgan 4½pc 1987 | 109 | 111 |
| Nabisco 5½pc 1988 | 91 | 93 |
| Owens Illinois 4½pc 1987 | 99 | 101 |
| J. C. Penney 4½pc 1987 | 81 | 83 |
| Pioneer 6pc 1988 | 240 | 245 |
| Revlon 4½pc 1987 | 99 | 101 |
| Reynolds Metals 5pc 1988 | 88 | 90 |
| Sperry Rand 4¼pc 1987 | 98 | 100 |
| Squibb 4½pc 1987 | 81 | 83 |
| Texaco 4½pc 1988 | 76 | 78 |
| Toshiba 6½pc 1990 | 102 | 104½ |
| Union Carbide 4½pc 1982 | 128 | 130 |
| Warner Lambert 4½pc 1987 | 91 | 93 |
| Warner Lambert 4½pc 1988 | 82 | 84 |
| Xerox 5pc 1988 | 77 | 79 |

Source: Kidder, Peabody Securities.

## El-Al uplift

EL-AL, Israel's national airline, expects an increase of at least 25 per cent. in passenger traffic to Israel this year.

Mr. Ben-Ari, El-Al's managing director, who recently opened a new electronics order centre for El-Al at Tel Aviv's Ben Gurion airport at Lod, says that the airline hopes to carry one million passengers this year.

The El-Al forecast is based on the recovery of tourism to Israel and a dramatic increase in air passenger figures in January this year, when 52,100 passengers flew with El-Al compared with 32,230 in January, 1975. In February 1976, 46,550 passengers flew with El-Al compared with 32,850 in February 1975.

Commenting on the figures, an El-Al spokesman said: "If this trend continues, and our orders *indicate that it will, we shall fly* 110,000 passengers in the months of March, April and May compared with 81,689 passengers who flew with us during the same *period in 1975.*"

In 1975, El-Al flew a total of 771,100 pasengers. Its 13 aircraft, including three Jumbo jets (Boeing 747s), made over 7,500 flights and, El-Al claims, reached the highest average seat capacity (load factor) of any airline.

# Amsterdam hopes to agree option trading

AMSTERDAM, March 9.

THE AMSTERDAM Bourse hopes to agree plans for joint European option trading with the London Stock Exchange by the end of this month but will go alone if agreement appears unlikely, a senior bourse official said.

If Amsterdam decides to go ahead on its own then sterling as *well as other currency options* would be traded here, although under the proposal for a joint exchange this business would go to London, L. W. G. Scholten told Reuters.

British residents could trade in Amsterdam by means of non-resident accounts, he said.

*Two categories of membership* of the option exchange are envisaged although conditions have not yet been finalised. These are floor members and associate members who would be members of affiliated stock exchanges.

Strong interest has been *expressed by Swiss, French and* German bankers as well as by the Dutch members of the commission studying the plans and by U.S. brokers, Scholten said.

The Amsterdam Bourse said last month London had reacted positively to a proposal to join forces. Joint operation of option *trading would require* an electronic price information system linking the two cities.

# Faber Merlin share purchases queried

SINGAPORE, March 9.

THE STOCK Exchange of Kuala Lumpur has demanded from Pahang Consolidated reasons why it acted as agents to purchase 50m. Faber Merlin Malaysia shares for Sungei Wan Berhad.

The exchange also asked the company to explain who provided the money for the purchase of these shares, on whose behalf the shares were purchased and *how many Faber Merlin Malaysia* shares are being held by Pahang Consolidated.

"How did Pahang Consolidated shareholders benefit by entering into the agency agreement with and acting as agent for Sungei Wan for the purchase of shares in Faber Merlin Malaysia," the exchange asked. AP-DJ

THE PHILIPPINE INVESTMENT COMPANY S.A.

Net Asset Value as of 29th February, 1976

U.S. $9.31

Listed Luxembourg Stock Exchange

Agent: Banque Générale du Luxembourg

Investment Bankers: Manila Pacific Securities S.A.

BRAZILIAN INVESTMENTS S.A.

Net Asset Value per Depositary Share as of 29th February 1976

U.S.$93.13

Listed: The London Stock Exchange

FINANCIAL TIMES SURVEY
Wednesday March 10 1976

# CALCULATORS

The explosive growth of the calculators market is a phenomenon of this decade. The upshot is a proliferation of models in most ranges and some rugged competition as new entrants bid for a share. Prices are keen, and margins are under pressure.

## [W]orld [d]emand [w]ill [fir]m

[...]LY more than a year ago [...]t observers were predict[ing a] continued boom but a [...] of departures from the [calcula]tor market because of [disap]pearance in strength of [...]g names in semi-conduc[tors]. Their financial strength [and th]eir technical abilities, it [was r]eckoned, would enable [them t]o make mincemeat of the [...] specialist groups, how[ever] well established, because [the l]atter were principally [...] of parts and assembly [...]s.

[...] some of the big names [have] suffered swingeing losses [in "b]uying" a market share. [One o]r two may not continue [...] what has turned out to be [dis]astrously expensive opera[tion] that even their com[...]sed forecasting failed to [...]for.

[Esta]blished companies with [their] own traditional outlets [have n]ot suffered in the measure that they stuck to what they knew to have been successful in the past. When they ventured into uncharted waters such as the extremely expensive operation of own calculator chip design they lost—but not in proportion to the giants.

Possibly because of the moves by TI, National and Rockwell, chip quality from Far Eastern sources has improved dramatically. Dixons, for instance report less than ½ per cent. returns on own-brand machines carried, a proportion of these still being due to "finger trouble" where the user has not read the instructions.

This low figure should not be surprising because the company demands 100 per cent. quality assurance from suppliers and has its own resident controllers a. their plants.

Meanwhile, unlike charity, a multitude of labels continue to cover a very few makers' names and over the next few months buyers may notice a number of striking similarities in machines ostensibly from very different sources.

It would be invidious to predict whether or not those who have suffered most will remain in business. Plant closures and production reshuffling do not always mean a retreat.

The market has presented such novel phenomena since it mushroomed suddenly at the turn of the decade that most of the pundits have been confounded and, while £10 at one time was believed to be the rock-bottom price possible, many small machines with more than the four basic functions can be seen at £5 to £6.

At this level, with the simpler chip costing only $1, the other components begin to play a bigger role in determining the price, and vendors, having had more time to work on the appearance of their low-end products, are going in for presentations which make the calculator look like a slim notebook, the outer cover serving to protect the metallised case of the machine from scratching. More attention is being paid to ease-of operation and CBM, for instance, is doing away with dual function keys on a new financial machine.

## Discerning

Appearances and the addition of percentage and logs can go a long way to selling the low-cost machines now that the public is becoming more discerning. And it is extremely interesting that school children in growing numbers are asking marketing outlets such questions as the accuracy of the log. and trig. functions on various machines.

Indeed, while the fathers are coming back to the market for machines with the added sophistication of VAT calculators or a compound interest function, the children are tending to want all a scientific machine can offer—at a schoolgoer's price.

Now while some sources say the world market is tending to level out at a little over the 50m. unit a year mark, with saturation to take place in the U.S. (40 per cent. of all units) in about two years, to be followed by Europe in 1980, others have quite different ideas. Casio —which claims to lead the world with its 14m. unit target this year—says 1976 will see a world output of 63m., 22m. for the U.S. and 20m. for Europe, and predicts continuing expansion.

All agree, however, that users in the important £10 to £30 price bracket are demanding more service, so the composition of output will continue to change. One factor that could have a major effect would be a change of attitude by education authorities to permit general use of calculators in schools rather than excluding them from branches of mathematics as at present.

Be that as it may, the appeal of the calculator as merely a gimmick seems to have faded and people are beginning to discover just what they can do —and demanding the changes needed to make them easier to work with. It is in the measure that the changes are complied with that makers will be successful.

The outlook for the U.K. market seems to be one of accelerating sales, with Dixon predicting 2m for the current year after 1.2m. last year. There has been some reshuffling of machines carried by such big outlets as Curry's, Boots, Woolworths and W. H. Smith in some instances due to unsatisfactory service arrangements. It has left CBM with by and large half the types presented and a programme for the current year of 3½m. machines from Eaglescliffe, which is about one-third of CBM world output. CBM expects to turn last year's comparatively small loss into profit and has had an auspicious first quarter. The company expects to increase its present excellent penetration of the German market.

Insofar as Sinclair is concerned, the Oxford range, outcome of the unsuccessful courtship with the giant Gillette group, seems to be picking up well despite the company's present concentration on digital watches. It is understood that the abortive U.S. venture did not cost the company real money since tooling costs were covered. It did, however, waste valuable time which could have been better spent refining the Cambridge models and improving support for them.

All the foregoing relates to hand-held or "pocket" calculators, events which have had some effect on the desk-top printing calculators at the low end of the price range.

## Brothers

The simplest of these are now cheap enough to attack the market previously held by the electrical or hand-operated adders. But their big brothers in the £2,000 plus class are something very different and the rules of the game as expressed so far do not apply.

Most of the multiple-memory programmables now on offer are more versatile, as delivered, than any mini computer, especially for scientists and engineers. Many incorporate microprocessors to do relatively simple operations fast. Most can work with plotters, printers and extra storage and be used with an evergrowing library of program routines devised by makers or by their users' clubs.

Of course there is some penalty of inflexibility to be paid but the latest improvements in electronics engineering have taken these machines a very long step ahead, insofar as making complex operations easier to command by the average human being—and that is probably where the calculator builder will score most heavily over the computer engineer.

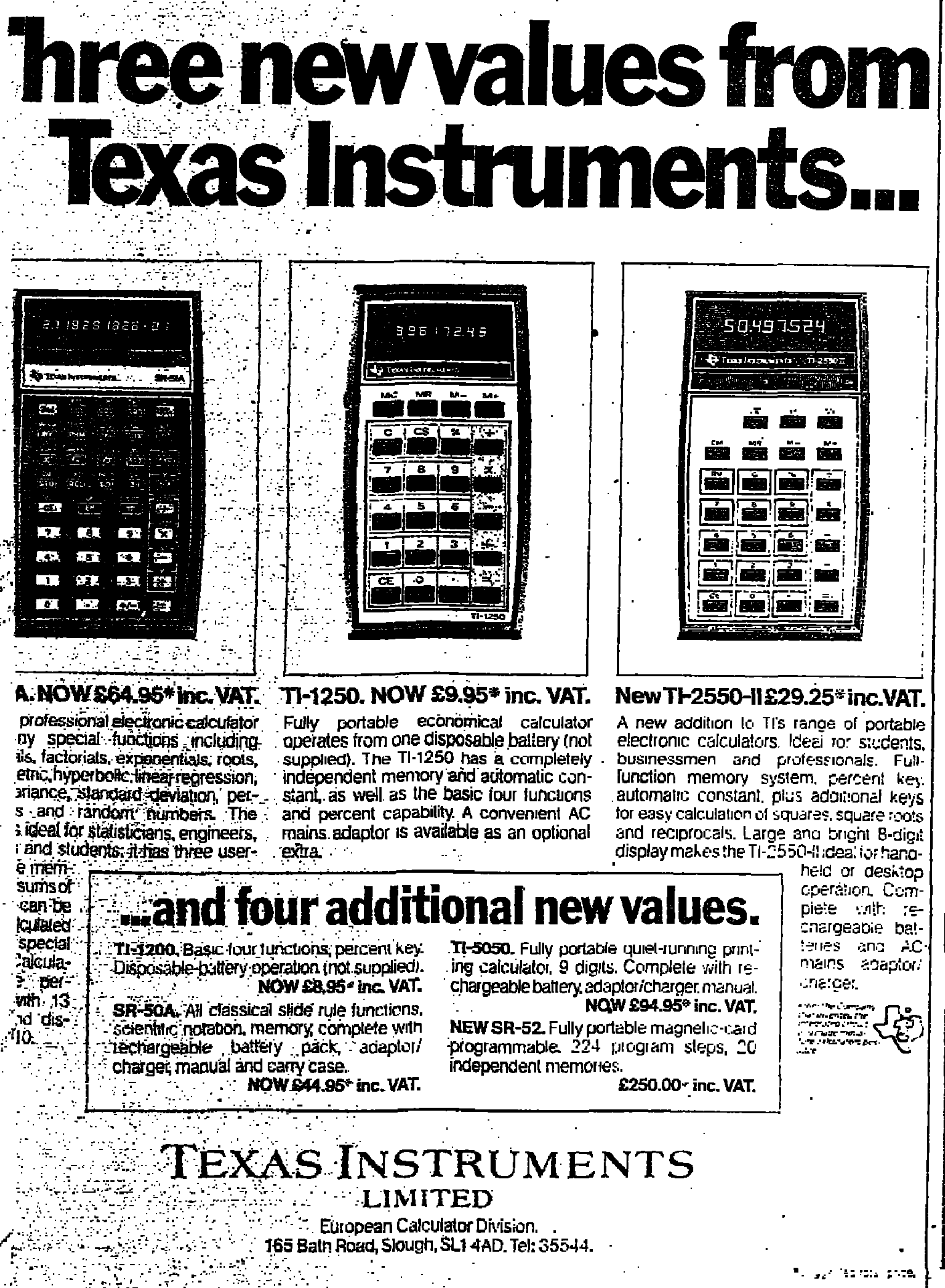
It is possible to use relatively simple desk-top programmables to do standard commercial routines, and units of this type have been on the market for some time. It may be that users were not ready for them. But if computing costs continue to rise while electronic mass production costs tend downward and the end-product grows continuously more complex yet more reliable, the intelligent calculator could oust the small computer before the latter has done a good job of getting rid of the larger general-purpose machine.

Of course, the chip design and/or purchase rules for the the hand-held markets do not apply here and builders frequently steal a march by a clever piece of proprietary chip design or a great improvement via process line. But this is selling research and development and not high quality mass production.

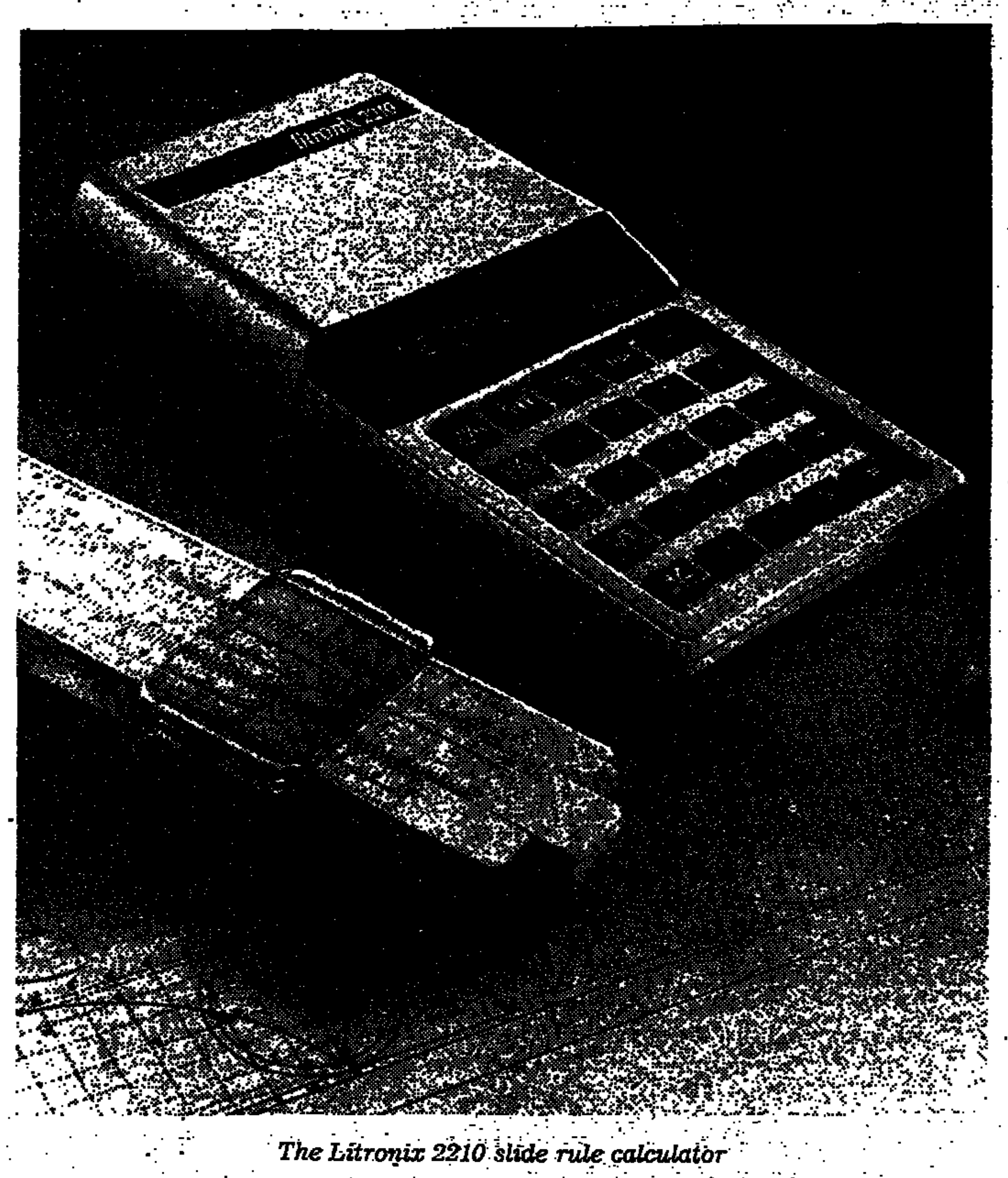
Where the next marketing thrust will come is hard to say. Prices cannot be cut any further at the low end and margins for the medium machines are under heavy pressure. Ease of use, reliability and ease of service will continue to be the key factors.

**Ted Schoeters**

*Assembly of CBM hand-held calculators at the Eaglescliff factory.*




# Manufacturers' views of the market



*The Litronix 2210 slide rule calculator*

"THE MOST difficult problem in this business has always been getting a profile on the end-user." Apart from the Americanisms, this may seem an astonishing statement to come from a leading light in the calculator industry—whose phenomenal growth since 1971 has often been attributed to marketing sophistication.

Leaving aside the question of whether it really does warrant such marketing acclaim—which is debated below—the paradox of the calculator industry in 1976 is in fact epitomised by the remark. An industry which is at last approaching maturity, in terms of technology, pricing and the weeding-out of its weaker members, is more uncertain than it has ever been about where it goes from here.

The complexities of the situation and the utterly contrasting views of the industry's leading executives—which surprisingly do not always accord with their obvious vested interests—are best examined under six inter-related sub-headings: 1. Price trends; 2. Market growth or stagnation?; 3. Will "trading-up" catch on as prices stabilise, and will users go for extra functions?; 4. The much-vaunted printer boom, which has still to materialise; 5. Hand-held versus desk-top machines; and 6. Can office equipment dealers stage a comeback against the mass-marketing chains?

**1. Price trends.** In 1973, before the U.K. market for electronic calculators reached even 1m. units a year, the average price of a four-function, eight-digit machine with floating decimal point (the "benchmark" specification used by some manufacturers to denote the "basic" end of the market, though fixed point and six-digit machines are obviously cheaper) was a good £50. This time last year, with forecasts for 1975 sales of nearly 3m. units for the market as a whole, the lowest available basic machine was just under £10.

## Cheaper

Now, with sales of 4m. and 5m., units of all types in prospect for this year, (depending on whom you believe), there are several "basic" machines on the market at £5.95 all-inclusive, and the cheapest Novus (National Semiconductor) product—with six digits—can be had for £4.95, compared with nearly £8 a year ago. At what could be called the "lower-middle" of the market, the Sinclair Scientific can be bought for as little as half the £20 of March 1975.

A year ago, Clive Sinclair, the founder and driving force behind his company, was forecasting that the price for "basic" machines would cease falling by mid-1975 and be on its first ever upturn by 1976. Was his all-too-hopeful forecast only nine, or 12 months too early—or is the end still not in sight to the incessant fall in prices which is attributed by academics and marketing managers to the over-worked "learning curve," but which often has more to do with old-fashioned margin-cutting and discounting?

Taking the "basic" machine first, a widespread view among the U.K. industry's top executives is that Mr. Sinclair set the turning-point only about 12 months too early. Indeed, some would say that the point has now been passed. They argue that technology cannot be refined any further at this bottom end, where the functions have long been on a single chip, whose design and manufacture has been refined again and again. If simple chips (including those with memory and percentage functions) cannot go lower, if displays of the light-emitting diode (LED) variety are in a similar position, and if assembly time has been pared to the bone, then they argue that the only way for prices to go is up, since the remaining components are made of inflation-prone materials such as plastic, lead and paper (batteries).

Some leading figures disagree, however. They naturally draw back from open forecasts, in view of what they could do to the current healthy state of demand, not to speak of their competitors' intelligence networks. But one company very near the top of the league of U.K. market shares is confident that a machine imported from the Far East, offering four functions and eight digits, will be available by the end of the year at under £4. At this stage it is difficult to be certain, but it looks like being of rather higher quality than the six-digit, low quality "throwaways" which many people expect to arrive soon at around the same level.

The reaction of companies with very low price but good quality reputations is likely to be to offer something a little better, perhaps with percentage and/or memory key, at a pound or so more—if this challenge does indeed materialise, of course.

## Pricing

Higher up the scale, there is naturally more room for price movement. Morgan Stanley, the Wall Street investment house which has a highly respected semiconductor specialist, has followed pricing policy particularly closely, and its graph of four Texas Instruments "price histories" (see opposite page) illustrates that the trend of average monthly 4.5 per cent. price falls continues to apply in the United States, with little variation in Europe (except that the average price levels are higher). The four machines were introduced between January, 1974, and March, 1975.

These case histories lend support to forecasts that lower-end scientific machines will eventually fall to £7 or even less, with those in the SR 50-51 range coming down from their current level of about £40 to well under half, and printers to half the current £80 or so. Timing is uncertain, but the people making the most radical price forecasts admit that much depends on whether they will be succesful in producing even larger chips in reliable quantities, whether the assembly of displays can be automated, and whether the current move from manufacture of three inch to four inch silicon wafers is successful.

The point everyone accepts is that technology and therefore prices still have some way to go in this middle-to-top sector of the market. But divergencies of view on the extent to which this will happen still leave some executives forecasting full scientifics at no less than £30, and others £20, some seeing basic desk-top machines (see section 5) at £20, others at £10.

**2. The size of the market**—This has hitherto been very price-dependent. But will it remain so, especially as the decline tails off at the bottom end, and as manufacturers and retailers put more and more emhpasis on styling, extra functions and reliability? Again, expert views range right across the spectrum, with Clive Sinclair and Tom Self, of Commodore, respectively reflecting the bearish (Mr. Sinclair would say "realistic") and bullish points of view.

There is a general consensus, despite all the difficulties of getting true market estimates (in part because there has often been a large stock buffer between manufacturers' deliveries and retail sales) that U.K. consumers and office managers took between 3m. and 3.3m. units last year. The value was between £50m. and £60m.—significantly, little more than the running annual total of early 1974, when the yearly market was at 1m. units. Europe took about 15m. and the world figure seems to have been around 44m.

All these unit totals were considerably higher than the 18-month-old forecasts of AMI, the U.S. semiconductor company, which were circulated widely around the international calculator industry a year ago. But this does not mean that AMI's world target for 1978 of 92m. units will necessarily be reached, according to one industry view.

## Forecasts

One senior executive of a major U.S. semiconductor and calculator company is confident that Europe will reach 20.5m. units this year and 25.5m. the next. But these annual jumps of 5m. appear too neat to be true, and the discrepancy in forecasts of U.K. trends underline the problems in forecasting for Europe.

Three months ago, the industry was fearing that 1976 would lead off with inflated stocks at the retail end after the Christmass boom, and that "dumping" would quickly follow. In fact, Barry Ofield, managing director of Rockwell's Sumlock Anita subsidiary, says the January-March quarter will be better for him than October-December, when he delivered more than in the whole of 1974. In varying degrees, this picture is painted by many, though not all, other suppliers. As a result, a 1976 total for the U.K. of about 4m. units is being widely forecast.

Then the disagreements really start. Barry Ofield shares the view that this may be the last year of growth in the hand-held market. Clive Sinclair, too, says that "levelling-off must be happening."

Many views are influenced partly by the way prices are expected to move. Commodore's Tom Self, for example, thinks that "another market would be opened" if the lowest prices for "basic" machines did fall to £3.95. Clive Sinclair disagrees, saying that the difference between £4 and the current £6 level is not enough to give a major new stimulus to demand.

The current opinion of the market optimists is that growth will tail off somewhere between 5m. and 6m. units. But what will happen then? Clive Sinclair forecasts a fall to 2m. or so a year, but Tom Self points to the way that watches have traditionally sold about 10m. units a year, in spite of almost complete market saturation. He thinks calculators will continue selling at roughly the peak level of 5.5-6m.

If there is one thing which all this shows clearly, it is that no-one now thinks "Every housewife will want a calculator," as many people forecast only two years ago. Who has seen a supermarket shopper with enough extra hands to check her bill on a calculator? On the other hand, the hopes of getting one to every schoolchild, student and businessman still burn brightly, and the current attitude of education authorities is encouraging to the industry (though not necessarily to those who fear a decay in mental agility).

**3. Trading-up**

The attitudes of students and businessmen are key to this question, which can also be identified as the marketing of extra functions. This point is quite crucial to the industry's future, since it is already having to bring it into the centre of its sales approach, now that the "cheaper than ever" tag is beginning to lose validity, at the bottom end—and will gradually do so up the scale.

The problem is pinned down by Barry Ofield when he says the calculator business has been engineering-oriented, with the technicians getting the salesmen to offer what they are given, rather than vice-versa. "We've ended up selling what it is possible to make," agrees a major competitor. This situation counsels caution in considering whether the engineers are right in thinking that "trading-up" will work. Some people actually feel that they have already been oversold a range of complicated functions, and this underlines Mr. Ofield's conviction that there is a large latent demand for basic desk-top machines for the office (see point 5).

Nevertheless, there is little choice for most manufacturers than to go "up-market" in some form or other. Many are beginning to put more emphasis than in the past on robustness, reliability and appearance—for example, there are now one or two attractive, metal-fronted machines which are slim enough to be sold as part of a pocket-book set, and cost about £25 though their functions can be had for only half that.

In some, though by no means all cases, this will be combined with more functions for little extra cost. Most of the talk is about "scientifics" (defined here as anything with trigonometrical functions), and one U.S. subsidiary forecasts that they will account for more than a fifth of the European market in unit terms this year, and nearly a third in 1977. The proponents of scientifics deny that the machines are attractive only to students, claiming that many people will want the functions, "just in case," even if they seldom or never use them.

In assessing this bullish forecast, one has to decide whether the average businessman is attracted by technology for its own sake, or whether he is daunted by it, and prefers to avoid things he cannot understand or use. A middle road is to say that there will be a major "sub-scientific" segment, costing perhaps £12 or so, offering such functions as square roots and metric conversions, into which the current owner of a basic four-function calculator might move. There may also be a series of medium-sized specialist markets, for the likes of pilots, civil engineers, electronic engineers—as there already are in the financial sector.

**4. Printing Calculators.** This is one specialist market for which several suppliers have high hopes. The Mackintosh consultants report on office equipment last year appears to have underestimated the overall market for calculators, but one of its conclusions received considerable support at the time: that the proportion of printers in the overall desk-top market would at least double over the five years to 1979—to possibly as high as 60 per cent.

Roger Helmer of Novus sees printers as the only desk-top machine to have major growth potential, but Commodore's Tom Self is more sceptical, pointing out that a boom has been forecast for the last five years. "One of their major disadvantages is portability," he says, pointing out that they have failed to take off in spite of the fact that prices are now only a quarter the level of a few years ago.

This position is not dictated by CBM's absence from the market—it has several machines on offer. The answer may be twofold: that the U.K. office user is taking much longer than expected to demand a written record of calculations (especially compared with the Italians and Spanish, and that the breakthrough awaits the development of a cheap thermal printer which uses plain paper.

**5. Desk-top Market as a Whole.** Tom Self is equally sceptical about this point. "The human arm is only three feet long," he says, implying that all but the smallest hand-held calculator could be operated and its display clearly seen from one side of a desk to the other—especially if displays and keyboards were tilted a little more than usual.

The denigrators of desk-tops point out the disadvantages of cost (such as mains power equipment), convenience (mains cords), and, of course, portability. But will portability matter very much when basic desk-tops are cheap enough for an office not to have to share and move them around? There is clearly an attraction for a company like Sumlock Anita to go for this market, in view of its historical strength with office equipment dealers. Barry Ofield is confident that there is a sizeable market for a machine with just four-functions, a percentage key and possibly also a memory. "This is why £300 comptometers are still selling," he comments. A stress on extreme reliability even under the roughest use is what he envisages for the near future in the desk-top market.

Whether his confidence is justified, and Mr. Self's scepticism unwarranted, depends very much on the final Point 6, whether the office equipment dealers can recover the position they have so clearly lost to mass retailers like Dixons, Currys and Boots. Equally, their recovery chances partly depend in return on whether the demand for desk-tops will indeed take off.

## Shrunk

As late as 1973, the calculator market was still their province, and at the start of 1974, for example, 70 per cent. of Sumlock's products were still going via them. But by the end of that year, the proportion had shrunk to only 20 per cent.—and suppliers with less loyalty than Sumlock to their traditional distributors had exceeded this ratio some months before.

If Mr. Ofield's view of potential desk-top demand is correct, then the office dealers may benefit, since not all mass merchandisers may be prepared to devote the extra (and costly) display space required in each store. But the issue is not only dependent on this uncertainty. Some suppliers would also argue that the mass chains will not be prepared to devote the extra cost to training shop assistants in the intricacies of scientifics. And so, they forecast, the top end of the hand-held trade will gravitate back to the office equipment business—covering the more complex scientifics, as well as all programmables.

Once again, Mr. Self is not so sure, pointing to the way that at least one mass chain is attaching greater importance to specialisation among its shop staff, and is already selling high volumes of complex scientific machines.

So has the office equipment trade, which badly underestimated the way calculator demand would develop by leaps and bounds, missed the boat for ever? This is one of the key questions for the future of the European manufacturers versus the U.S. and Japanese majors, and the Far East assemblers—prospects which are examined in the next article.

**Christoper Lorenz**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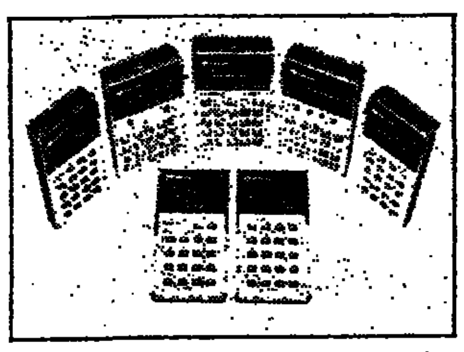

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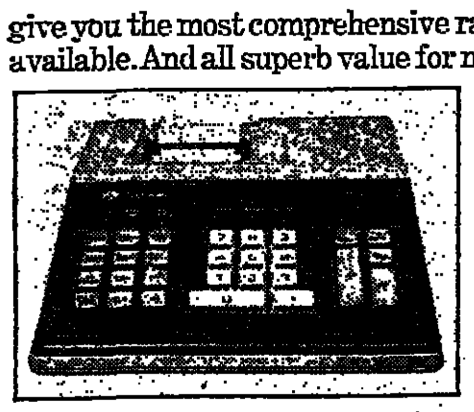

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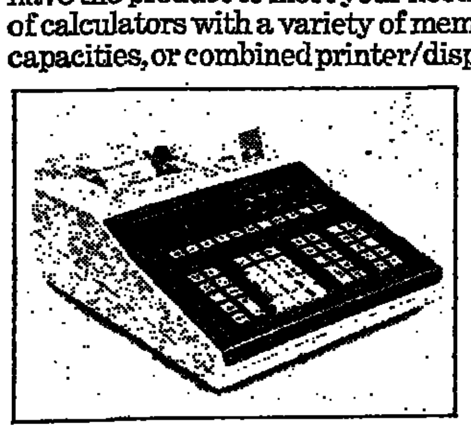

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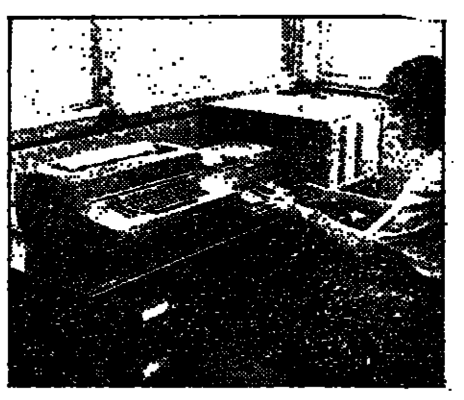

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# European industry fights hard

WHITHER the Europeans? All past commentaries on whether the European calculator industry could survive the intensification of U.S. and Far East competition have been basically negative. One of the most serious drawbacks, partly due to the failure of European semiconductor manufacturers to produce the goods—with the notable exception of the U.S.-owned General Instruments—was thought to be the lack of an integrated operation. Only a year ago is was the "chip" manufacturers who were seen as the sole likely survivors in the business—hence Bowmar's tragically expensive attempt to get into the manufacture of micro-circuits.

It was partly this argument which took Sumlock Anita into the arms of Rockwell International less than three years ago. But this January's decision to close its Portsmouth assembly operation (mirrored by the closure of Rockwell's Mexican plant), underlined two other problems which are inherent to the European scene: the relatively small scale of manufacture (with CBM now the only significant exception), and the relatively high cost of labour.

Now that the assembly time on calculator modules at the bottom end of the market has come down to only about five minutes in the most efficient cases, the importance of relative wage rates in the making of "basic" machines has declined—though not for more complex calculators—and the benefits of lower wage rates to Far East assemblers can now be offset by their freight rates. But a fourth problem has recently caused considerable concern—the way European tariffs discourage *indigenous assembly.*

## Weakness

The relative weakness of the European industry is illustrated by estimates of last year's import penetration: over two-thirds of the total market in the U.K., and as much as 90 per cent. of the premium market; West Germany (in spite of the fact that it has by far the largest number of manufacturers/assemblers of any European country). The last two years have seen the departure of a host of lesser-known European names, and the best-known of all, Sinclair, has taken a battering—*especially in the* export markets but also at home—largely because his bottom-end machines have become uncompetitive.

But it is not all gloom. The most dramatic success story of the past two years has been the Canadian-owned CBM (Commodore Business Machines), which started manufacture at Eaglescliffe, Co. Durham, in mid-1974.

In Germany, too, the last two years have seen the growth of at least three companies, Interton (now shifting assembly to Ireland), Aristo and Faber-Castell. Which all goes to show that cost-control, marketing flair, and the old European policy of finding market "niches" can still be successful even if production is not integrated. But there is no denying that the toughening of competition is forcing some of the established names to conduct a thorough re-think of their survival strategy.

Sinclair provides the clearest example. A year ago, it was raising monthly throughput (all sub-contracted to outside firms) to an annual rate of 1.2m., compared with under 480,000 in September 1974 and 360,000 in March 1974, and was talking of raising it to an annual 1.8m. rate by last Christmas. But a rash mid-year change of plan brought the total 1975 output down to about 750,000, and it is now running slightly below this, though Clive Sinclair expects a steady increase as the year progresses.

The company's success was built on a combination of technical innovation (including, crucially at the start, control of chip design—though not in-house manufacture), plus styling, aggressive marketing and easy reputation—in the form of design awards. As the semi-conductor giants moved into the market, Sinclair toughened his control of finances and product quality, and a year ago, increased output just when the Americans were cutting theirs. *But his hopes that prices would* not fall much further than a year ago on "basic" machines were dashed (see the previous article), and some of the new "Oxford" models were less successful than hoped.

The end-result was that company sales (in the financial year to April) have fallen back to £6m. and profits have disappeared. This may be a better performance than either Texas Instruments or Rockwell, whose calculator divisions lost heavily last year, but Sinclair is far less able to weather a rocky period in financial terms.

Clive Sinclair says he and his management team have not yet decided whether to compete head-on at the bottom of the market. Prudence, and the hope of getting the business onto a steady footing again, must counsel against such a risky move.

To build on his market image for innovation and to build up a reputation for unparalleled quality would seem the best approach. A slim, stylish "pocket-book" type of case style may be launched in the spring, and Mr. Sinclair is one of those who are convinced that "trading-up" from basic to more complex functions will work in the market place (see previous article). Some support, though not conclusive, is lent to this thesis by the fact that half his company's calculator sales *are currently "scientifics," in* either the Cambridge or Oxford ranges.

But only time will tell whether this thesis can form the foundation of rising volume and stable profits. This is not to say that Sinclair still aims to reach 1.8m. units a year; his comment this month that he never expects to reach it strongly suggests a sensible abdication from the very bottom end of the business.

No approach can insulate him against competition, of course, and he admits that most other manufacturers will go for the same market segments, but a stress on quality machines and technical leadership could be the key to his future staying power.

## Ambitious

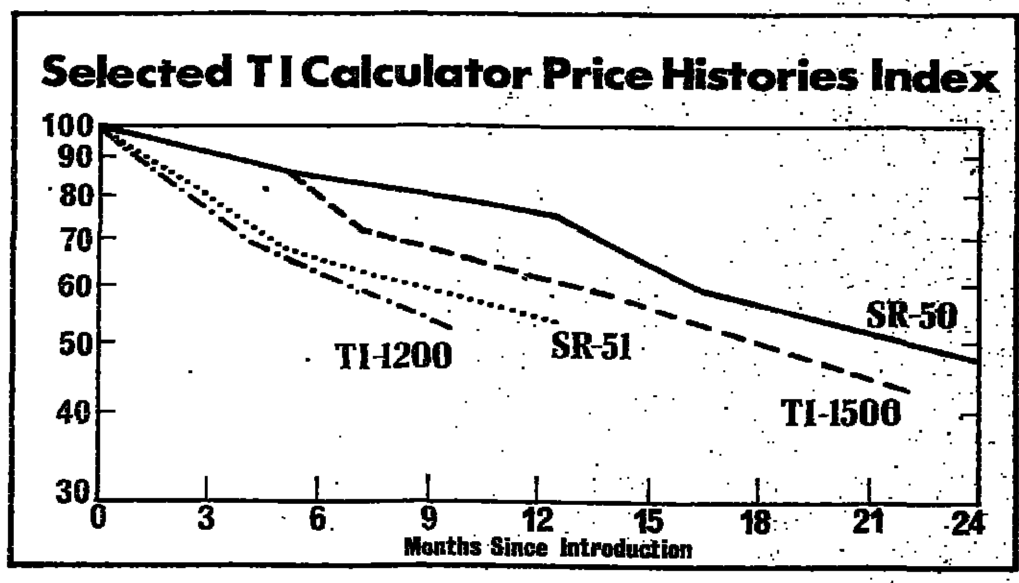
The moderation of his volume ambitions in the calculator market is partly due to his diversification drive, which has already taken him into digital watches. Sinclair claims to have sold almost 20,000 of his stylish "Black Watch" last month, and with early quality teething-troubles under control he may achieve the aim of a 50-50 split between the two product areas.

The move has been criticised by some outsiders as extra-*ordinarily risky, since the* digital watch business is even tougher than calculators. This is mainly because the new-comers are competing with established makers of traditional watches, who have to master electronic technology, but whose marketing networks are unparalleled. Sinclair's emphasis on selective products is even stronger than it was in calculators two years ago—he claims the major semiconductor markers have misjudged the market with their wide ranges of jewellery-style watch cases, and that digital watches are being bought because they are a new form of technology, rather than a piece of jewellery. *Sinclair's much-vaunted two-inch* television is again due for launching this year (with a Telefunken tube), but large volumes are not expected for at least a year.

Most of the other major European manufacturers of calculators have been following a policy of seeking market "niches" for some time, or at least they have confined their own output to a few product areas, and have filled out their ranges by buying-in from the Far East. The market strategy of the best-known names, Olivetti and Olympia, was reflected in the previous article, points 4-6, dealing with the prospects for desk-top machines, *printers, and a revival of office* equipment dealers in the calculator trade. Their products lend themselves to European assembly, since they include a high proportion of mechanical components (printers) and materials other than chips and displays (such as casing).

Two more recent additions to the list of German manufacturers, Aristo and Faber-Castell, are following an even more specialised policy towards retail outlets. Both traditional makers of slide rules, and now naturally facing the prospect of their business being taken over by the "electronic slide-rule," they are concentrating marketing on their traditional outlets, the stationery shops.

But the most notable recent entrant to European manufacture, and the one which epitomises the way in which high-volume assembly of a wide range of calculators can be profitable even in high-cost Europe, is CBM. Eaglescliffe is now on a par in terms of size with the company's plant in Osaka, Japan, and is larger than the one at Palo Alto, California. Out of a worldwide total of about 5m. machines, County Durham accounted for 2m. in calendar 1975.




The U.K. subsidiary's last registered accounts, for the year ended June 30, 1975, show sales of £8m. (of which about £5m. were exported). The U.K. business is profitable, according to Mr. Tom Self, its managing director, and although the U.S. end is clearly less successful (Europe accounts for about two-thirds of total corporate sales), the group as a whole returned to profitability in the second half of calendar 1975 (net earnings of \$2m. on sales of \$33m.).

The three keys to Eaglescliffe's success appear to be: first, CBM's control of chip design (though actual manufacture is not in-house) plus in-house display manufacture (on the West Coast of the U.S.); second, the efficiency of assembly; and third, its marketing drive.

But, like Sinclair, its task is being made unnecessarily hard by European tariff regulations and by the way certain clauses are being interpreted by the customs. Presumably in order to stimulate the European semi-conductor industry, the *duty on* integrated circuits and light-emitting diodes (LEDs for displays) was set at 17.6 per cent., compared with only 12.7 per cent. for complete calculators. Instead of encouraging European assembly, the failure of all but a handful of indigenous semi-conductor makers to produce adequate components of either type has had the reverse effect.

## Complete

The problem has been compounded by the fact that certain countries — including some of the main calculator assembly areas such as Korea, Hong Kong, Singapore, Taiwan and the Philippines — were accorded complete exemption from duty on completed calculators, within certain quotas. Pressure from British manufacturers last year prompted the EEC and the Government to reactivate monitoring, and it was immediately found that the quotas were more than exhausted for 1975, so tariffs were re-imposed for the month of December. A similar situation may recur in 1976, but the expectation is that the tariff-free quotas will be exhausted by mid-year.

So the European industry has won a battle, but not the war. Customs and Excise still insists that calculator chips should be classed as integrated circuits, and hence be subject to the 17.6 per cent. tariff, rather than as "calculator components," which only carry just under ten per cent. On LEDs, total exemption from tariffs is being held up largely at the insistence of the German Government, in spite of insistence by the calculator makers that there are no German makers of LEDs suitable for their machines. And the industry naturally wants to have the chip tariff reduced to below the level charged on complete products. So the war is far *from won. It could still be that* this issue sways the decision of one or another European calculator maker to shut up shop in the future.

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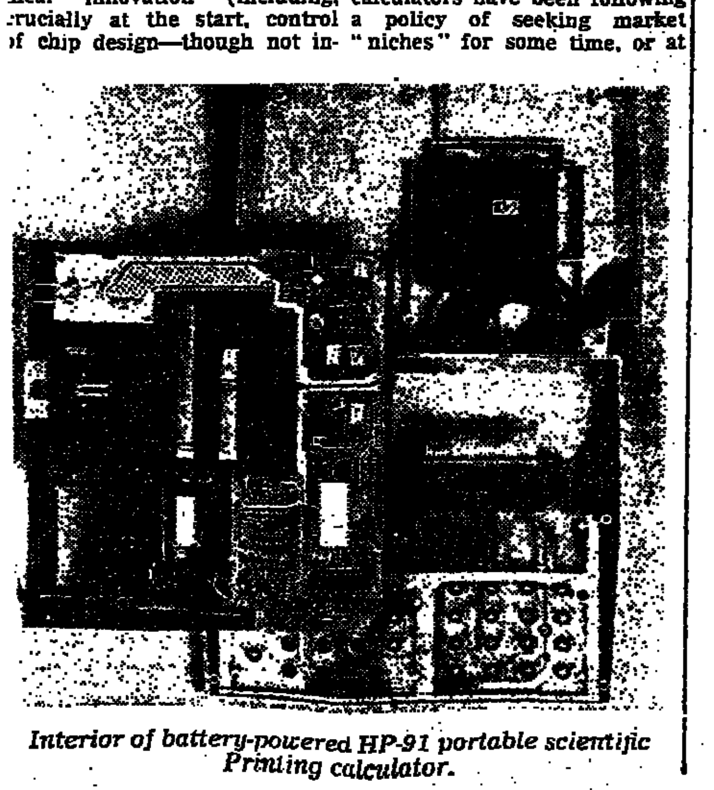

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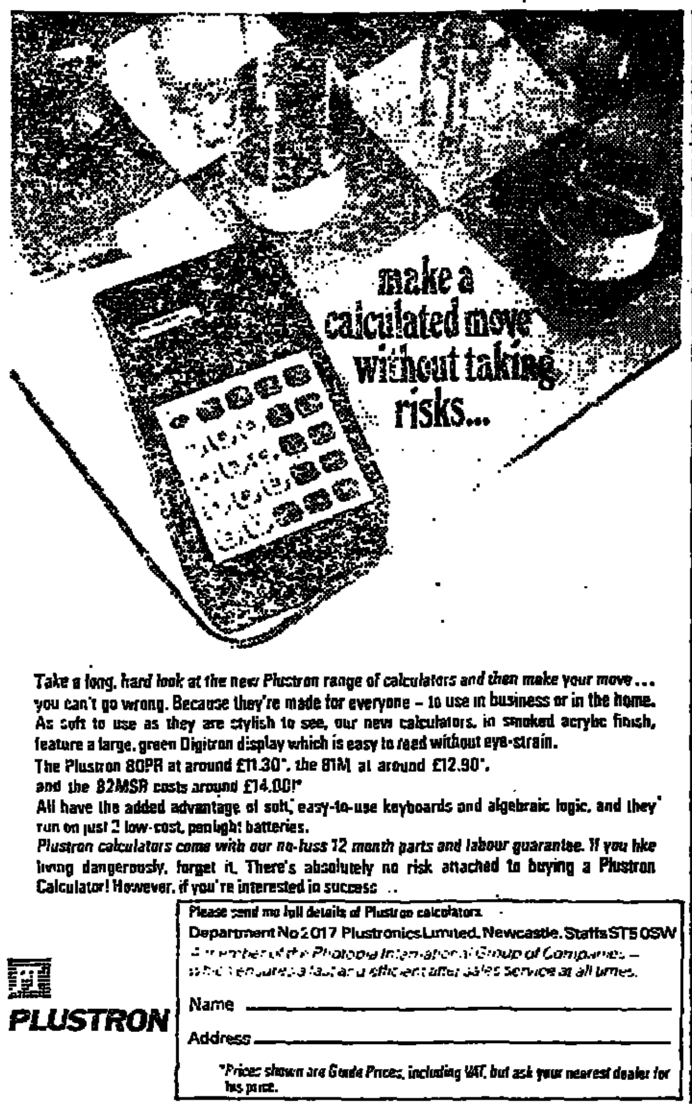
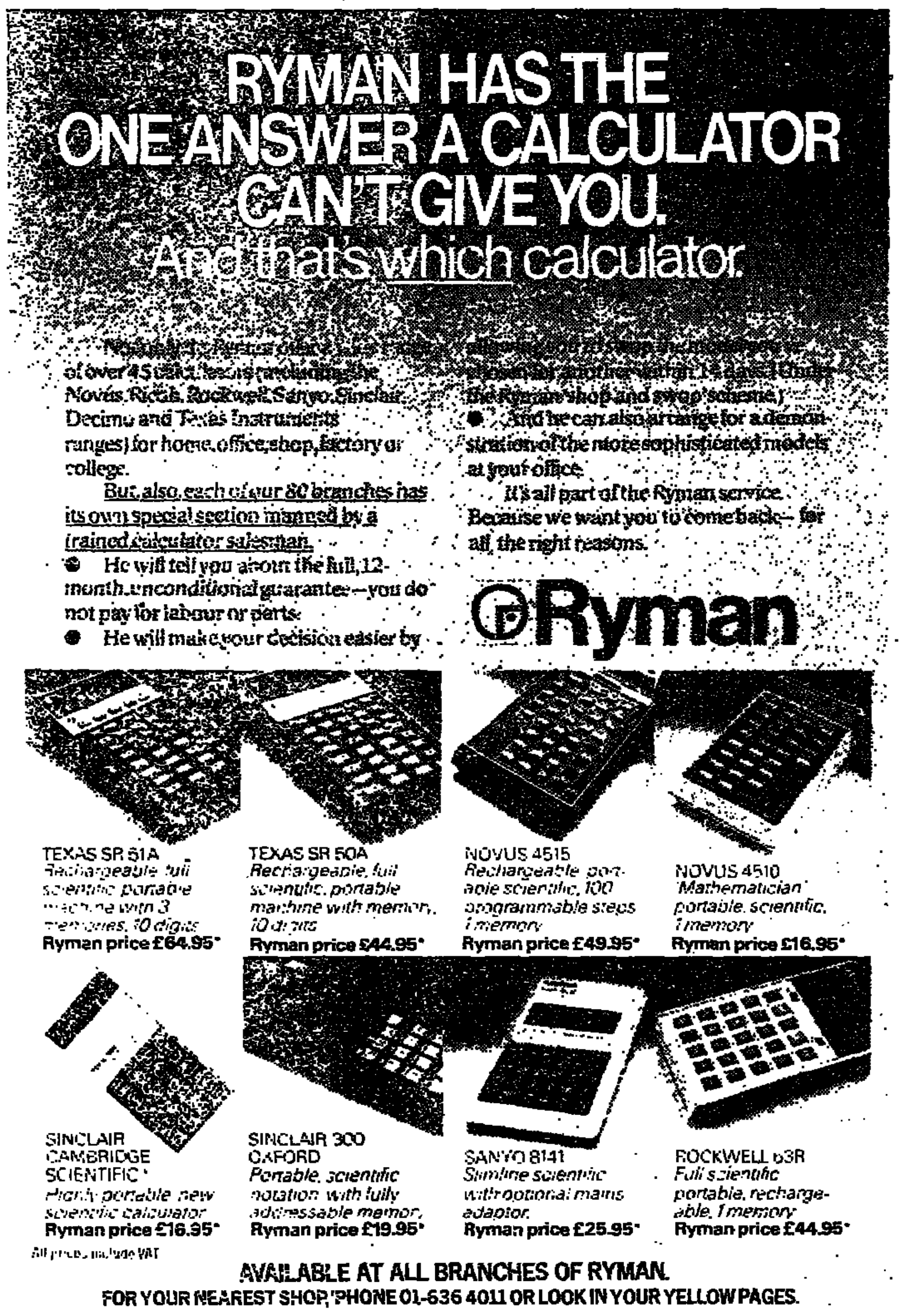




# Impact on the schoolroom

A RECENTLY conducted U.S. market survey of the band-held group of calculators suggests that what users want principally is floating point, memory, re-chargeable batteries, a percent key, constant and last number or last entry clear key—in that order.

This is absolutely in line with recommendations listed in a three-four year old paperback written to teach potential users *how to use these machines for* a variety of purposes including education and purposes via car maintenance and leisure pursuits.

The same survey rather surprisingly showed that average price paid in 1975 was $65 against $125 in the preceding year, both of which prices appear inordinately high even allowing for the Atlantic price gap—but since some school children are buying £30 *machines it is possible that they* are about correct, also remembering that they are lumped together with £4,000/£5,000 units.

It seems quite obvious that a number of other factors must be added to the above, the first *of which is ease of use.* Key design and spacing is of crucial importance. Many keys, though they have good and positive action, are too closely spaced for comfort or accuracy. So the manufacturer is facing the *dilemma of having large dual* function keys well spaced or a mass of single function keys which nevertheless improve accuracy and speed.

Reliability is absolutely vital, and though it has improved as the internal layout of the equipment has been simplified *through putting many more* functions into a single circuit chip, it still is not high enough. The same analysis reports 6 per cent. returns against 12 per cent. in 1975 which is in sharp contrast to the figures from *Dixon's showing below 1 per* cent. returns involving Far Eastern manufacturers.

Legibility of the display is a neglected factor but if the industry is to open up the last really big market, the schools, it too must be carefully considered.

*The calculator handbook, sponsored incidentally by Bowmar which has fallen by* the wayside in the fierce battle for markets, does a good selling job to the adult by depicting the fiendish difficulties of arithmetic by long hand contrasted with the "fun" aspect of "*watching the illuminated* digits flashing across the display."

It is not surprising that many educationists are already regarding the advance of the calculator as one of the worst threats yet to the tottering numeracy in Britain's schools where, this year, many of the 5m. or so *machines expected to be sold* this year will find their way.

*Most parents reading this will* agree that such abilities as *mental arithmetic are not being* fostered, and while there is little "fun" to be gained out of long-hand extraction of square and cube roots, there is no gainsaying *that the educationists* have good reasons to fear an over-enthusiastic reception of calculators by some teaching staff who could well see in them salvation from the drudgery of hammering home certain *calculating techniques.*

They — the educationists — *have no illusions as to whether* or not the problem will present itself. The only question is, when? It is already clear from the observations of the equipment *distributors* that school goers know they can save themselves a great deal of homework time by using a simple scientific machine to do their trigonometry, and gallop through log table jobs that would have *taken hours with printed tables.*

## Rethink

*There is a clear need now* to rethink maths in function of training children to use calculators and computers effectively, even though the capabilities of *both groups of equipment* are changing so quickly. And the *rethink must* be along the lines of the most effective use and a progressive understanding of how the equipment works. Otherwise there is a real science fiction danger that conversational keyboards programmed in a teaching mode will turn more and more people into automatic button pushers with no reliable mental resources if anything goes wrong.

This is not always the case when new forms of data handling are introduced and it *would be quite wrong to assert* this since it is clear that most of the key punch operators who go over to display and keyboard data capture work enthusiastically welcome the change. But there are sinister overtones *to many of the developments in* automation, particularly those clearly intended to make up for the general decline in educational standards: sinister in that the people working with such equipment will never learn anything from it at all since it is intended to instruct but not teach.

Perhaps it is as well to limit targets and not expect Education and Science to do more than alert its upper echelons in education *to the fact that* the problem is pending. In that case *it* would appear that we collectively are lost since the educational apparatus—for want of a better word—is already in a turmoil so grave that the outcome is a matter for conjecture.

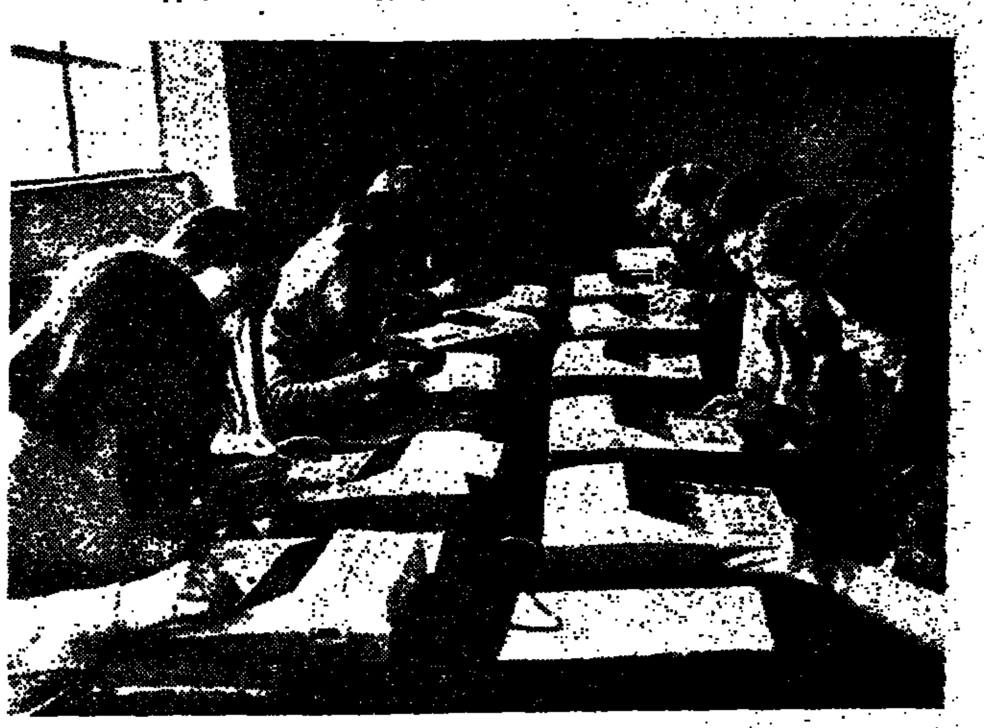
## Challenge

A minor point such as a challenge to numeracy at a time when numeracy is becoming the essential ingredient in the training of the civil, mechanical, chemical and computer engineers on which the future of Europe so largely depends, appears to have had little effect.

All this takes one a long way away from calculator ke[illegible] and what they can prod[illegible] is all the more discor[illegible] then to find that educa[illegible] can talk glibly about a[illegible] students having to de[illegible] the "tiresome solution" *formulae, gas law, pH* [illegible]tions and other [illegible] problems.

Tiresome the multipli[illegible]lations may be, but a t[illegible] understanding of the g[illegible]tion demands a compl[illegible]mand of the mathemati[illegible] used to conquer tresh[illegible]. The calculator can only [illegible] of these and it is essen[illegible] decision-makers in e[illegible] should ensure that it i[illegible] so.

**Ted Sch[illegible]**



*Permitted use of calculators by students at Swansea University. (Photo: [illegible] Ltd.)*

# Interface with computers

HAND-HELD and desk-top calculators are thought to share the market in a ratio of 85 to 15, and among the latter the majority (13 per cent.) are relatively simple single memory *printing units. But in the* remaining 2 per cent. of desk-tops are families of calculators which far outstrip even the most sophisticated of magnetic card operated hand-held programmables.

It would be *wrong to dismiss* the 2 per cent. as negligible. Some of these machines cost well over £4,000 and are comparable with quite powerful and sophisticated science-oriented computers in the work they can do. If it were possible to average out respective costs the comparison between the two classes would be revealing.

## Maintenance

The big desk-top machines, do, however, represent a totally different product needing a trained sales staff and fast back-up in case of a breakdown. *This is becoming less likely all* the time as electronic engineering technology continues to progress by leaps and bounds and builders move to the use of *large-scale integrated circuits* and microcomputers on a single silicon chip, grouping them on function boards easy to replace. This brings much nearer the day of user maintenance.

But since manufacturers are using all the components of computers, as well as computers themselves, it is becoming impossible to draw a line that will leave computers on the one side *and calculators on the other.* A top-of-the-range calculator uses fast cycling, semi-conductor memory, fast on-line data storage and peripherals that include *data input from several media.*

They can handle a range of printing, display and graphical outputs with all the appearances of simultaneity because their internal operations are so fast. Lastly, they can be equipped with transmission interfaces to work to large-scale computers. In effect, they are more "intelligent" than many intelligent terminals.

*In some ways such equipment* could be considered a fresh burden on the curriculum for business and scientific training. A handbook is not enough to teach a user how to get the best out of a machine and specialist operators are becoming increasingly expensive.

Because of this problem, appropriate courses are being set-up at centres such as Abingdon College which has a tradition of teaching machine *accounting as part of a business* studies qualification. At the moment, work is centred on the use of an advanced calculator to simulate the accounting process —normally run on a large general purpose computer—in *teaching principles of computer-*based administration.

Olivetti's P652 scientific and engineering calculator is the unit selected, and on it each student runs the administration of his company creating input documents in the form of marked cards read by an optical mark reader into the calculator.

A *tape cassette is used to* hold all the files normally maintained by a big computer —sales, purchase and nominal ledgers, payroll and stock control. "Computing" runs follow a full operational pattern with card input data-validated, errors reported and batch control *maintained.* Main files are updated and print-out of ledgers and summaries carried out.

Work flow, data control, batching, error recycling and output presentation are taught in this way and the calculator *does for the college what* a remote terminal could not do at a cost far less than a dedicated computer. Of course, to operate a business in this way would be suitable only for the smaller company but it is far *simpler and easier* to master than a computer.

*Turning from business* to scientific applications for a moment, it is significant to recall that some years ago Hewlett-Packard — already known for the excellence of its small scientific machines—sent a *thrill of real excitement* through the ranks of users with its HP-65. This is a hand-held machine with many maths functions, able to take instructions from a tiny magnetic program strip containing up to 100 *programming steps. These can* be prepared by the user or drawn from a continuously expanding library of engineering, scientific and mathematical *routines* to speed operation; there are five user-defined keys which indicate starting points for various programs.

## Fourth

Almost a tiny computer, the *HP-65* was one of several steps the company has taken towards the final *sophistication* of the latest member of its desk-top 9800 series: the 9825A, brought out in January as fourth in the series and called deliberately the "*conversational*" calculator.

Briefly, its characteristics *include* a *display*, thermal printer, typewriter-like keyboard, *tape cartridge slot*, three input-output channels and four slots for read-only memories. It can be used to compute or to control a whole instrumented system for industrial and scientific applications.

A "live" keyboard means that calculation in other fields can be carried out while a program is running and the language *used to program it is one which* provides a great deal of "hand-holding" to prevent errors *while being easy to learn.*

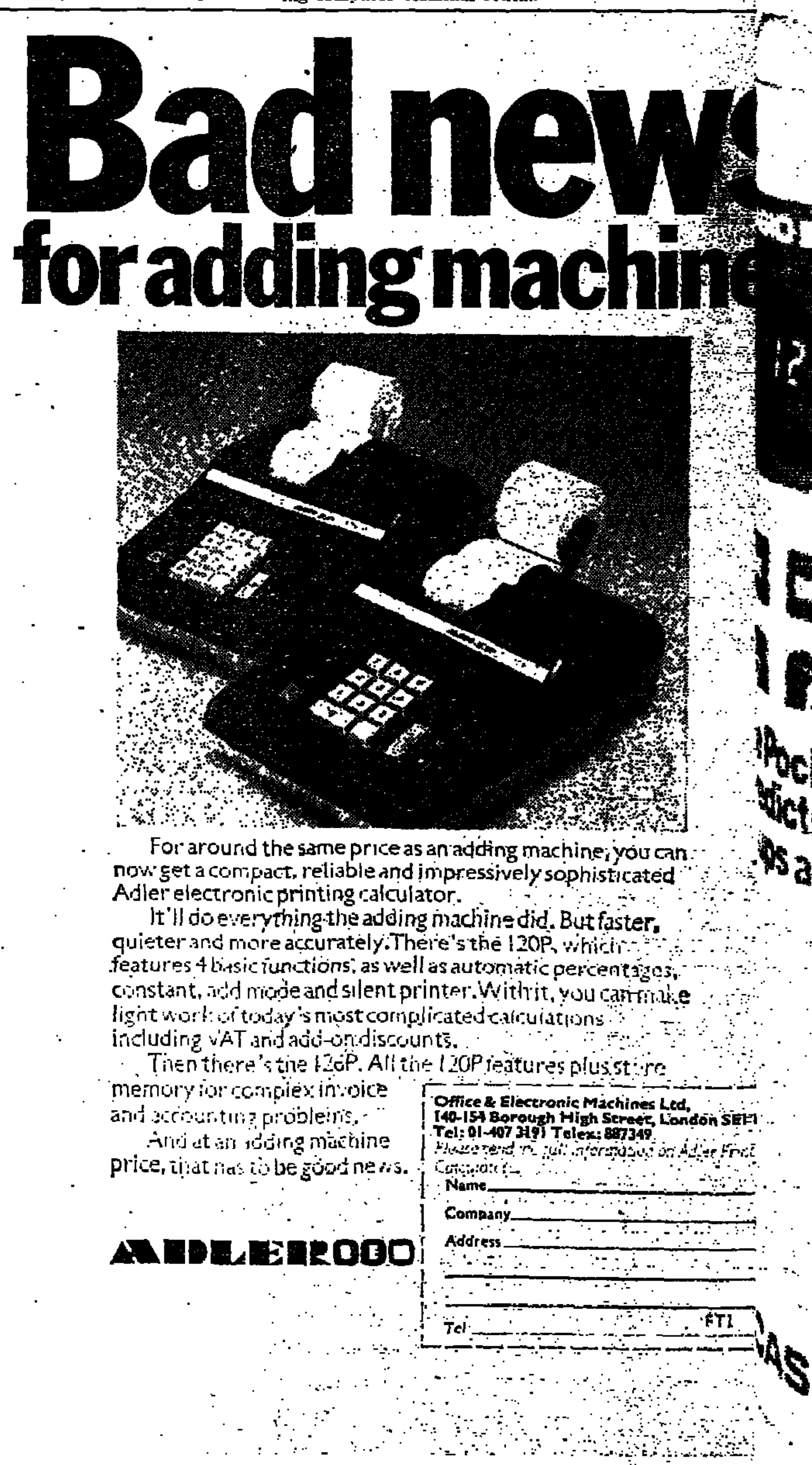
Standard memory is 6,844 bytes expandable to 31,420 and the cartridge used is a high density one with capacity of 250,000 bytes. *Printer speed is* 190 lines a minute with up to 16 *characters per line.*

The unit is about a tenfold advance in power on its predecessor and has been engineered around circuitry made by Hewlett-Packard itself following a process not yet available as *standard from the component* builders.

One inference to be drawn *from the details of this equip*ment is that to compete on the fringe of computing, designers have to draw on the most advanced technologies. Another is the simplicity of command and control calculator layout *permits.*

Actual running costs are negligible and a unit such as this, even with a number of peripherals such as plotter and extra storage, could be purchased for a comparatively few *months of scientific time-shar*ing computer terminal rental.

The same could b[illegible] *for the advanced m[illegible]* other manufacturers and Wang *among t[illegible]* only question which *ask is whether—sinc[illegible]* the makers of these are also makers of [illegible]puters—they are lik[illegible] marketed as vigorous[illegible] small bretheren, o[illegible] they will continue t[illegible] *predominantly* at [illegible] and engineering mar[illegible]



# Automation in the office

ONE OF the important themes for management in the 1970s is the automation of processes in the office. This is a spin-off of the technological revolution that started with the space programme and has already affected so many other areas of business.

For some reason the office was left out in the cold. But it is now beginning to catch up and with a ferocity and pace that has alarmed many people. There are, of course, strong underlying reasons why many routines in offices ought to be automated. Not the least of these is the spiralling cost of labour which means in many cases that it is cheaper and more productive to get a machine to do a job than a person. Because of rising labour rates, we are beginning to price ourselves out of the market. Human labour is becoming more expensive than hardware. Another reason for the automation of the office is the requirement to get work done on a shorter time base. Time is money and the quicker work can be produced and reproduced, the less costly it becomes.

Increasingly, executives will have to adapt to this new way of working. And in becoming familiar with new electronic gadgetry one of their first confrontations will be with the calculator.

Many executives to-day probably have one kind or other of pocket calculator. The sales boom in hand-held calculators as a result of sharply reduced consumer prices is by now well known. But, having brought down the cost of the basic technology, it is quite possible that we are still to witness a similar boom in office calculators.

One reason for this is the idea of distributed or decentralised computer power. Because of the way that computers have developed over the past five years, it is not necessary to have a large central computer to do office work. It has become possible to use small mini-computers to do jobs that even a few years ago required a large mainframe machine.

This concept can be stretched even further by the use of the programmable desk-top and even portable calculators that are becoming more popular in business to-day.

Even many of these machines can do the work that required computers only a few years ago. Their main use is in small businesses that have weekly routine jobs like payroll, or VAT calculations, discounts and other repetitive functions. In many instances the use of these machines can eliminate the need to employ additional staff. By so doing it makes the work more productive.

The main advantage of these calculators over a computer is that although the memories are much smaller and the calculating power not as great, the work that is done on the machine is immediately at hand because it is done on the premises by the staff. Once the programmes have been accepted, the processed information is immediate.

In addition, because the machines do not normally involve a great many routines (although they can have the capacity for up to 200 programme steps), no time is lost in tuning the equipment, the results can be immediate. Programmable calculators can be bought for between £200 and £1,000 and even at this price can be cheaper than using a computer, even through a computer bureau.

More and more, the calculators are being combined with other equipment to form compact invoicing systems. The combination of an electronic calculator with an electric typewriter is one simple example of an economical invoicing system which requires little or no operator training.

## Handle

Programmable calculators can basically be divided into two groups: pocket machines and desk-top. These vary in the programmable steps and data memories they can handle.

Pocket programmables cost up to around £500 and can be used for the basic accounting functions of a small firm including payroll, investment calculations and similar calculations. These machines offer the alternative of, cards or keys for input, which is really a convenience device.

According to Mr. Ian Jennings, product marketing manager at Texas Instruments, this is one of the biggest unexplored sectors of the market. "At this level there is little realisation in business what these types of calculators can do," he says. With the current low penetration in the market, there could be scope for rapid growth in this sector.

It is in the desk-top range that the machines begin to be compared with mini-computers. It is not uncommon to find machines that provide over 2,000 programmable steps and over 200 data memories. As a stand-alone unit costs can vary between £500 and £2,000 depending on the extent of the capacities.

The main advantage of using this advanced calculator rather than minicomputer is that the user is not dependent on software and, also that the hardware is normally cheaper per programme step or item of memory.

Conversely, the user is forfeiting ultimate flexibility because it is normally not possible to add on peripheral storage capacity. He also misses the wider flexibility of being able to create his own programmes (albeit at a cost, of course). The high and increasing cost of software is one factor against the widespread use of minicomputers and is being overcome by the wider standardisation of programmes—thus reducing the overhead.

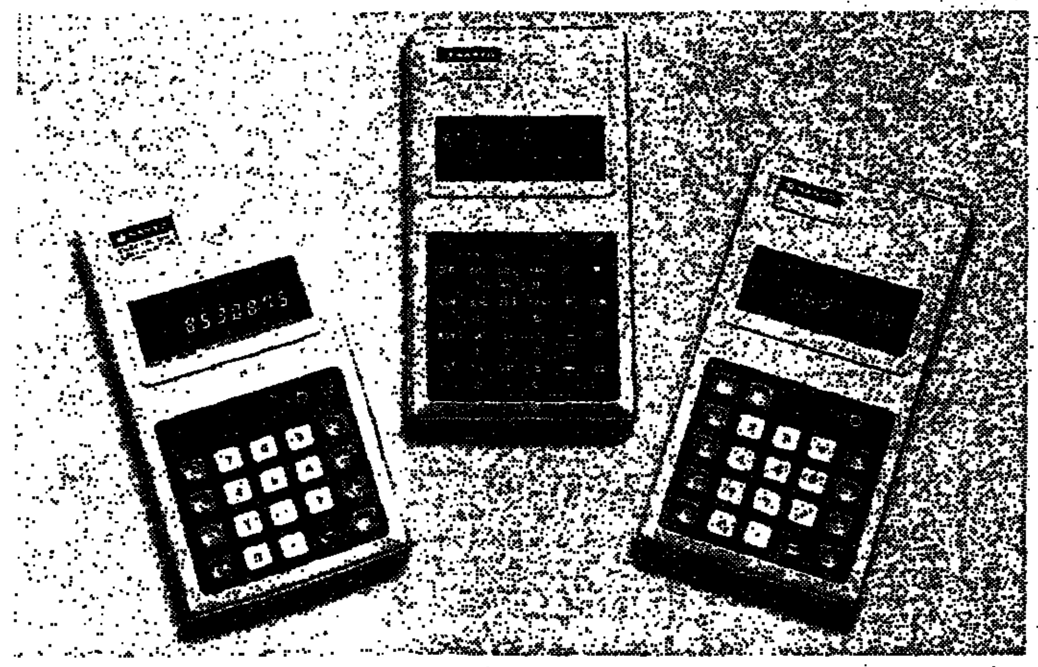
Given the obvious scope in the marketplace for programmable calculators to do mundane clerical work including payroll and accounts, there is an increasing research and development effort in this sector at most of the calculator companies.

Over the past two years the main growth has been in the consumer end of the market with hand-held calculators. The major investment by companies has been in the development of the chip, in getting this as compact as possible and down to as few parts as possible. The success in this venture is one of the reasons for the drastic fall in calculator prices.

There is still some research work to be done in other components such as better keyboards or displays or the printed circuit boards. If these (or the parts that make them up like plastic) can be made at lower costs then calculator prices may still come down.

In the meantime, there will be as much activity in the marketing side—how to get the more sophisticated calculators on the market. The debate about whether they should be sold through the normal retail outlets (as pocket calculators are) or whether they should be sold by specialised salesmen or through the dealer network is still carrying on. Perhaps what needs to be done first is to determine who are going to be the big users of these calculators over the next five years.

**Roy Levine**



*A trio of calculators by Sanyo Marubeni (U.K.) Left: CX 8031—basic 8-digit calculator with built-in constant system. Centre: CX 8141—advanced calculator including trig and log functions and degree/radian selector. Right: 8-digit calculator with independently addressable memory.*

# Guiding role for management

IN THE SAME way that television threatened our literacy when its use became widespread, so the popularisation of the electronic calculator is threatening our numeracy.

When the mass public started buying or renting television sets during the 1950s and 1960s there was widespread alarm that many of our children would never learn the skills and joys of reading. While the fears were perhaps at times overdone, it is still difficult to deny that our overall literacy rate is not something we should at least be concerned about.

So what should we be doing to ensure that a parallel situation does not arise with regard to our numeracy skills?

I well recall the occasion during my training as a chartered accountant when we were prohibited from using adding machines either as articled clerks during the course of an audit or as students during the accounting examinations. The reasoning behind the ban was that we ought to learn how to rely on our intellectual hardware even though (even at that time) mechanical hardware was available.

That kind of discipline is, I believe, an essential part of the training, especially for a numerate job. But with the increasing numbers of sophisticated electronic calculators coming on to the market, it is becoming rarer.

Perhaps the best that can be done in educational establishments in an age of increasing automation, is to ensure as close as possible that the right kinds of machines are being used by the right ages of students. Then at least people will learn how to cope with different levels of sophistication in hardware and software as they approach the relatively more complicated problem-solving situations.

At the same time all students (and especially those who pursue careers that are oriented around numbers) should be given the chance to develop their mental skills, without the use of gadgetry.

## Mid-career

Dealing with this problem at school level is one problem—for many people the learning curve has only started in mid-career. Having taken up an office job involving figures every day and handling them on mechanical machines, they are suddenly faced with the option of using far more productive equipment which require more skills in some cases.

To some extent there is a duty for management to ensure that their staff is fully capable of handling the equipment that it considers will make the firm more productive. So training programmes can often be a good start to the introduction of new and more sophisticated hardware. This can be done on an in company basis or by employing specialist consultants.

Of course, once again, the training programme can only be successful if the right people are trained for the right jobs on the right kind of equipment. No degree of training can eliminate the efficiencies that are caused by the mismatching of jobs or personalities through using the wrong equipment.

To some extent this is also the role of the calculator industry itself. For some years it was more orientated towards its engineers than towards its salesmen and the market place. Calculator companies were more concerned about what they could produce rather than what the market really needed.

Because technology prices were coming down all the time (with a resultant fall in prices of calculator products), the immediate impact was not felt in the market—things were then developing too quickly for most people to notice. Prices were coming down and the pocket calculator was making a hit not only in the home but also increasingly in the office.

Having come through the front door as a pocket calculator, the concept has broadened and there are now signs that there is a general upgrading of the jobs that calculators are being asked to do. The idea has become respectable.

While this brings undoubted benefits to many organisations, it also brings its headaches. One of the most serious from a general management point of view is where to distribute the calculating power. At the moment there is a debate in the industry about the benefits and disadvantages of using computers as against programmable calculators. Right through the spectrum of machines there are distinct grades of calculator power that can best be used by different kinds of jobs. But the demands are often too diffuse in any one organisation to be able to make everyone happy.

Perhaps the best that can be done is to imprint a single management style — one that favours either centralised memory and calculating power or one that embraces distributed power in its widest senses. Each organisation will have to decide its own parameters on this topic and make its choice of hardware accordingly.

The best then can be said about the position is that at least management has never had such a wide choice before. Wisely used it can bring great cost and efficiency benefits. But, as with the first computers in the early 1960s, management can lose a great deal of money if the wrong equipment is matched with the wrong needs.

**R.L.**

Into our second century

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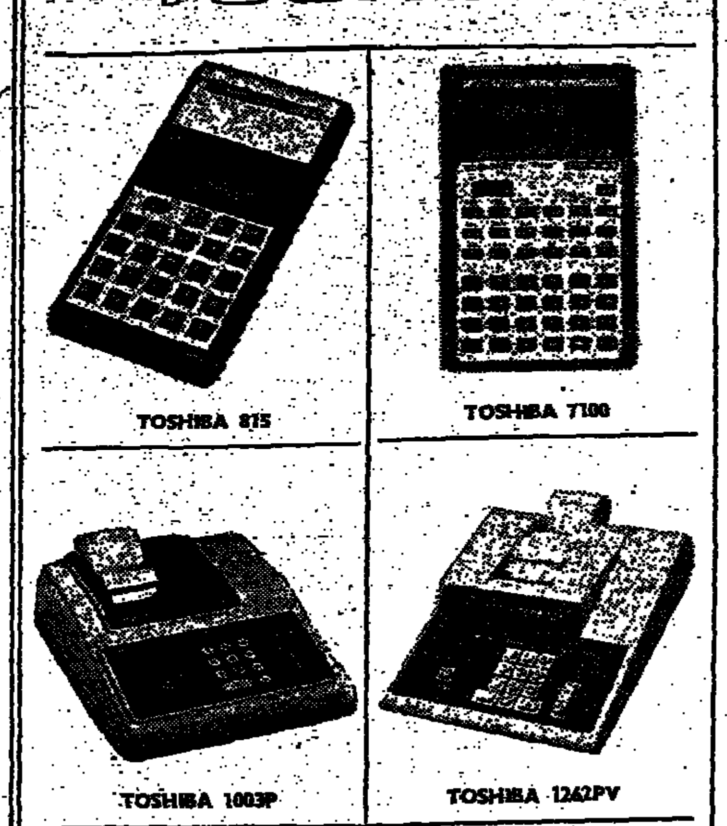


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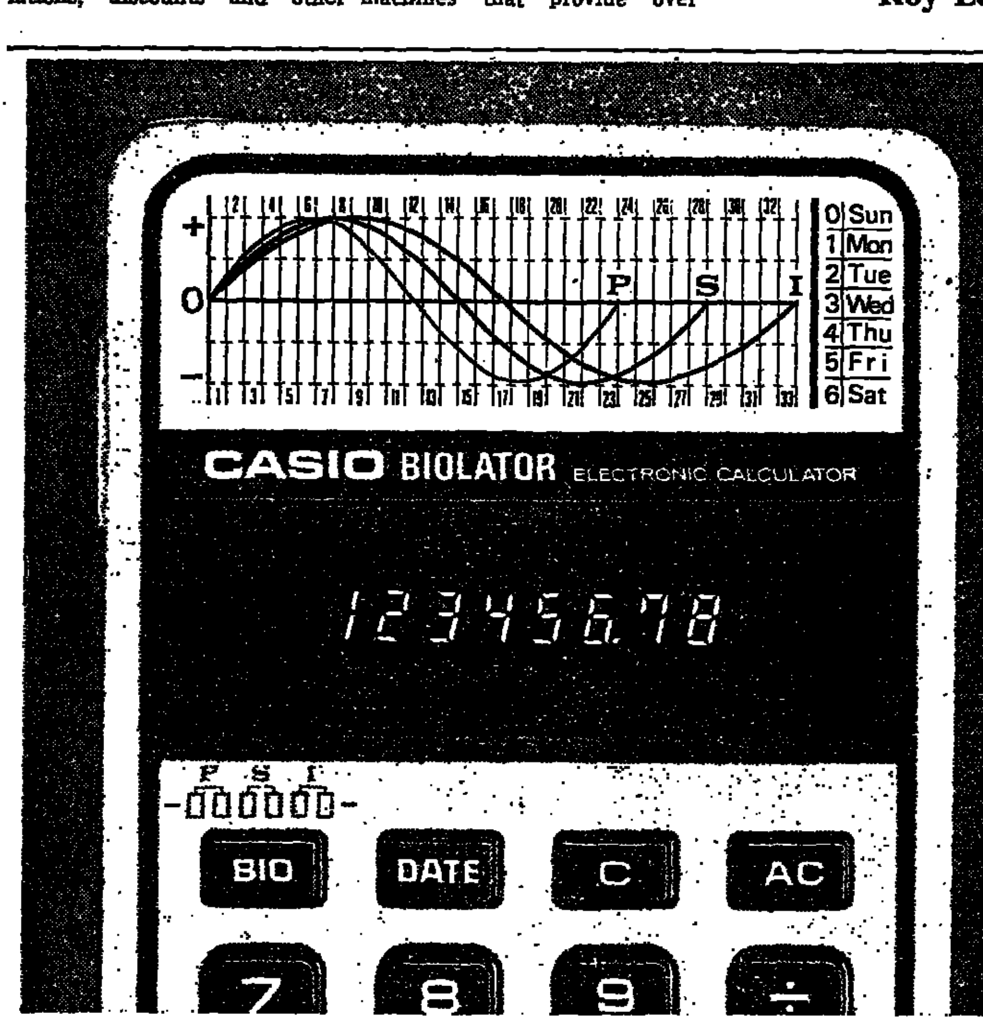


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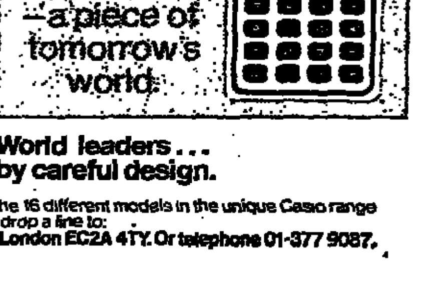


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# WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

## Up 4.96 after breaking through 1000

BY OUR WALL STREET CORRESPONDENT

NEW YORK, March 9.

THE ADVANCE continued on Wall Street to-day, sending the Dow Jones Industrial Average *through the psychological 1,000* level, which attracted some profit-taking and the close was below the best.

The Industrial Average finished 4.96 up at 993.70, *after rising to* 1000.16, up 11.42, in the first hour of trading, reacting to 996.22, up 1.48, by noon, rallying again to 999.84, up 11.10, by 2 p.m., before *easing off to 993.70. The* NYSE All Common Index gained 15 cents to $53.76, while rises led falls by 810-to-729. Trading volume expanded 6.71m. shares to 31.77m.

*Early buying* was *attributed* to a decline in Treasury Bill rates and a stable Federal Funds rate, with analysts looking for a slow increase in interest rates along with *an expanding money supply*. Brokers also cited expectations of a continuing economic expansion this year.

The Government reported that businesses *are projecting a 6.5* per cent. rise in 1976 plant and equipment outlays. Yesterday the Federal Reserve Board reported that Consumer Credit took its *biggest one-month leap in more* than 1½ years.

J. C. Penney improved $1⅞ to $56⅞ on higher fourth quarter profits and prediction that 1976 *will be "another good year."*

S. S. Kresge rose $1 to $37 on improved profits.

Sprague Electric added $1⅞ at $12⅞ but Cabot were off $1¼ at $24⅞ the agreement to merge.

Esmark moved up $1⅛ to $40, following plans to acquire McKee Petroleum through an exchange of stock.

Lockheed Aircraft, however, fell $1⅞ to $10—it said it needs extra time to complete a plan to convert a portion of its $595m. bank debt into Preferred stock.

U.S. Steel climbed $1⅞ to $86⅞.

Standard Oil of Ohio dropped $2 to $64⅞, while General Motors *lost $1¼ to $68⅞*.

Chemicals were mixed.

U.S. Industries put on $¼ to $6⅞ on a fourth quarter profit of $2.1m. against a year-earlier loss *of $11m.*

The American S.E. Market Value Index firmed 0.01 to 104.45, while advances led declines by 398 to 340.

## OTHER MARKETS

### Canada mixed

Canadian Stock Markets were mixed in moderate trading yesterday.

The Industrial Share Index put on 0.52 to 191.33, Golds 0.15 to 327.02. Base Metals 0.66 to 87.96 and *Papers* 2.34 to *128.19*, but Western Oils shed 0.05 to 216.78, Utilities 0.25 to 137.71 and Banks 0.48 to 242.01.

Massey-Ferguson declined $1⅛ to $29⅞ but **Macmillan Bloedel** moved up *$1¼ to $22⅞*.

IAC Preferred "B" dropped $4 to $18 in a light turnover.

**PARIS**—Mixed in calm trading. Financials, Engineerings and Electricals eased, but Foods, Stores and Oils were about *steady*. Chemicals and Banks were mixed.

In the Foreign sector, Americans rose, Germans and Canadians eased, Dutch issues steadied, International Oils were slightly higher, Golds lost ground, while Coppers were mixed.

*BRUSSELS*—Mixed in active trading.

In weak Steels, Clanecq declined Frs.50 to 4,850. Electricals and Utilities finished steady, non-Ferrous Metals were mostly lower, while Chemicals narrowly mixed, *modest declines predominated in* Holdings, Oils gained ground.

*U.S. stocks were higher,* Dutch shares firmed, Germans were lower, French issues finished little changed, while South African Gold Mines declined.

**AMSTERDAM** — *Predominantly* higher in a moderate volume.

Banks were strong. **Algemene Bank Nederland** put on Fls.2.50 and **Amsterdam-Rotterdam Bank** *Fls.1.60. Insurances were mixed.* Dutch Industrials gained moderately.

Bonds rose an average of Fls. 0.30. The Estel N.V. (Hoesch-*Hoogovens) Fls.150m. Loan (1981-84)* 8.50 per cent. coupon was heavily oversubscribed.

GERMANY—Markets tended lower at first in irregular trading *but foreign interest for leading* shares brought about some resistance and the close was mixed.

**Schering** moved up DM10.60 to 354.60 in heavy trading, while *Deutsche Bank* put on DM2.60, Mannesmann DM2.20, Lufthansa DM3.10 and Preference DM4.

Demag fell DM4 and Daimler DM2.

Bonds shed up to DM0.40. The Regulating Authorities sold DM3m. nominal of stock. Among Mark Foreign Loans, South African issues were firmer.

**SWITZERLAND** — Slightly higher, helped by the rally on *Wall Street.*

Banks and Insurances were narrowly mixed, while Financials generally posted small gains and Leading Industrials were mostly *higher.*

State Bonds were quietly steady.

In the Foreign sector, Dollar stocks firmed over a broad front in active trading. Dutch Internationals were *well maintained*, while Germans were slightly easier.

**MILAN**—Irregularly lower in fairly active trading.

Bonds were narrowly lower.

**OSLO**—Barely steady.

**VIENNA**—Basically steady, with small variations either way.

**COPENHAGEN**—Mixed in fair dealings. Communications were *lower, while Industrials where* irregular.

**HONG KONG** — Market recovered sharply in active trading on bear covering, encouraged by firmness of Overseas Markets.

Hutchison moved up 25 cents to $3.20, Hong Kong Bank rose *80 cents to 20.90, Jardine Matheson* 40 cents to 25.10, Swire Pacific 30 cents to 10.50, Hong Kong Land 25 cents to 8.65 and Wheelock Marden 12½ cents to 4.225.

**JOHANNESBURG**—Gold shares were easier but off the worst on London buying. Financial Minings were firmer.

In Coppers Palamin gained 10 cents to R10.80. Platinums were mixed in quiet trading, while other Metals were higher.

Industrials were steady to a shade firmer.

**TOKYO**—Mixed trend, with growing apprehension over the domestic political situation triggered by the Lockheed Aircraft scandal more than offsetting initial gains. Volume 230m. (270m.) shares.

*Light Electricals continued to* decline. TDK Electronic shed Y10.

**Kyoto Ceramic** dropped Y200 to Y4,620 and Nippon Telecommunications *Construction fell Y100 to* Y1,800.

Among higher Housing issues, Toa Oil advanced Y28 to Y329.

Among higher Housing issues, **Sekisui Prefab** *rose Y20 to Y1,300.* Eidal Y15 to Y270. Shokusan Jutaku Y14 to Y440 and Daiwa House Y11 to Y616.

**AUSTRALIA**—Generally mixed as a result of *profit-taking.*

Among Minings, Pancontinental fell 30 cents to $A18.20 but Utah advanced 30 cents to $A10.60.

**Peko-Wallsend** retreated 10 cents to $A6.38 and **BH South** came back 5 cents to $A1.60.

*Base Metals benefited from* the improved tone on London Metals Market.

**Philip Morris** rose 20 cents to $A8.80.

**National Bank** picked up 5 cents to $A3.05 and ACI put on another 3 cents at $A1.52.

## Indices

### NEW YORK

#### DOW JONES AVERAGES

| Close | Home Bonds | Transport | Indus. | Util. | Trading volume† 000's |
|---|---|---|---|---|---|
| Mar. 9 | 72.09 | 208.95 | 993.70 | 86.53 | 31,770 |
| 8 | 72.20 | 207.52 | 988.74 | 86.15 | 25,060 |
| 5 | 72.13 | 205.21 | 972.92 | 85.79 | 23,030 |
| 4 | 72.13 | 204.22 | 970.64 | 86.08 | 24,410 |
| 3 | 72.11 | 205.98 | 978.83 | 86.82 | 25,450 |
| 2 | 72.15 | 206.79 | 985.12 | 87.62 | 25,590 |
| 1 | 72.27 | 205.29 | 975.36 | 87.39 | 22,070 |
| Feb. 27 | 72.09 | 205.85 | 972.61 | 87.68 | 26,940 |
| 26 | 72.10 | 206.98 | 978.83 | 87.58 | 34,320 |
| 25 | 72.09 | 208.99 | 994.57 | 87.97 | 34,620 |
| 24 | 71.84 | 208.79 | 993.56 | 88.67 | 34,380 |
| 23 | 71.64 | 207.22 | 985.28 | 88.89 | 31,460 |
| 20 | 71.72 | 206.94 | 987.80 | 89.37 | 44,510 |
| 19 | 71.66 | 206.64 | 976.76 | 89.54 | 39,210 |
| 18 | 71.60 | 203.64 | 960.09 | 86.48 | 29,900 |
| 17 | 71.43 | 202.61 | 950.57 | 87.52 | 26,460 |
| 13 | 71.36 | 200.96 | 958.36 | 88.03 | 23,870 |
| 12 | 71.32 | 201.31 | 966.76 | 89.16 | 26,610 |
| 1975-76 High | 72.27 (1/3/76) | 208.99 (25/2/76) | 994.57 (25/2/76) | 91.90 (4/2/76) | — |
| Low | 66.16 (5/1) | 146.47 (2/1) | 682.04 (2/1) | 72.02 (2/1) | — |
| All-time High | — | 279.88 (7/2/69) | 1051.70 (11/1/73) | 163.32 (20/4/65) | 44,510 (20/2/76) |
| Low | — | 13.23 (8/7/32) | 41.22 (8/7/32) | 10.58 (28/4/42) | — |

† Excluding bonds.

#### IND. DIVIDEND YIELD p.c.

| Mar. 5 | Feb. 27 | Mar. 7, 1975 |
|---|---|---|
| 3.78 | 3.78 | 5.00 |

#### N.Y. SE ALL COMMON INDEX

December 31, 1965=50.

| 1975-76 High | 1975-76 Low | Mar. 9 | Mar. 8 | Mar. 5 | Mar. 4 | Mar. 3 |
|---|---|---|---|---|---|---|
| 54.62 (24/2/76) | 37.06 (2/1/75) | 53.76 | 53.61 | 53.05 | 52.95 | 53.61 |

#### RISES AND FALLS

| Issues traded | Up | Down | Unchanged |
|---|---|---|---|
| 1,858 | 810 | 729 | 349 |

#### STANDARD AND POORS U.S. STOCK INDICES

| | *Industrials | †Composite |
|---|---|---|
| Mar. 9 | 113.14 | 100.58 |
| 8 | 112.69 | 100.19 |
| 5 | 111.42 | 99.11 |
| 4 | 111.17 | 98.92 |
| 3 | 112.38 | 99.98 |
| 2 | 113.06 | 100.56 |
| 1 | 112.43 | 100.02 |
| Feb. 27 | 112.02 | 99.71 |
| 1975-76 High | 114.67 (20/2/76) | 102.43 (24/2/76) |
| 1975-76 Low | 77.71 (8/1/76) | 70.74 (8/1/76) |

* 425 Industrials. † 425 Industrials, 50 Utilities, 25 Rails.

#### STOCK AND BOND YIELDS

| | Mar. 3 1976 | Feb. 25 1976 | Mar. 12 1975 |
|---|---|---|---|
| Ind. Ord. yield pc | 3.37 | 3.31 | 4.07 |
| Ind. Ord. p/e ratio | 13.31 | 13.75 | 9.50 |
| Long-term Govt. Bds. per cent. | 5.81 | 5.77 | 6.84 |

#### TUESDAY'S ACTIVE STOCKS

| | Stocks trade | Closing price | Change on day |
|---|---|---|---|
| U.S. Industries | 585,100 | 6⅞ | +⅛ |
| Litton | 411,700 | 13 | −⅜ |
| Whittaker | 353,500 | 4⅛ | — |
| Sony | 342,400 | 8⅞ | +⅛ |
| Lockheed Aircraft | 323,600 | 10 | −1⅞ |
| Lilly (Eli) | 315,600 | 49⅞ | −⅜ |
| Kresge S.S. | 294,100 | 37 | +1 |
| Chrysler | 292,700 | 21 | +⅛ |
| Westinghouse Elec. | 269,000 | 17⅛ | −⅛ |
| Polaroid | 256,500 | 39⅞ | +1 |

### TORONTO

#### INDUSTRIAL INDEX

| Mar. 9 | Mar. 8 | 1975-76 High | 1975-76 Low |
|---|---|---|---|
| 191.23 | 190.81 | 197.43 (20/2) | 159.41 (2/1) |

### MONTREAL

#### INDUSTRIAL INDEX

| Mar. 9 | Mar. 8 | 1975-76 High | 1975-76 Low |
|---|---|---|---|
| 201.11 | 200.90 | 205.67 (23/2) | 159.03 (2/1) |

#### COMBINED INDEX

### JOHANNESBURG

#### MELBOURNE YIELDS

| Av'ge yield on 50 Leading Stocks | Mar. 4 | Feb. 26 | Feb. 19 |
|---|---|---|---|
| On Dividends | 5.48 | 5.46 | 5.67 |
| On Earnings | 8.90 | 8.91 | 9.29 |

#### SYDNEY ALL ORD. INDEX

#### TOKYO NEW SE INDEX

#### HONG KONG INDEX

#### SINGAPORE INDEXES

### EUROPE

## OVERSEAS SHARE INFORMATION

### NEW YORK

### CANADA

### GERMANY

### MILAN

### PARIS

### BRUSSELS/LUXEMBOURG

### AMSTERDAM

### SWITZERLAND

### COPENHAGEN

### VIENNA

### AUSTRALIA

### JOHANNESBURG

### TOKYO

### SPAIN

### STOCKHOLM

### OSLO

## Pound steadier

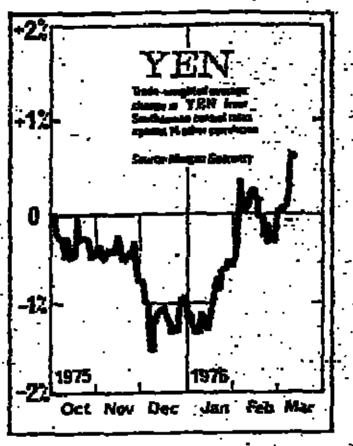
Sterling remained fairly steady in the foreign exchange market yesterday, following its sharp *decline of the last few days,* but closed at further record lows against the U.S. dollar and major currencies in general.

Sterling opened at $1.9410-1.9430 and touched a best level of $1.9520-$1.9530 in early trading. The rate was *generally* steady for most of the day at around $1.9450 to $1.9500, but eased to $1.9375-1.9385 following further selling orders from certain European centres. The Bank of England was believed to have given a small amount of support to the pound at its lowest levels, and the closing rate improved slightly to $1.9410-1.9420, *a fall of 10 points on the day.*

The pound's trade-weighted *average depreciation against 10* major currencies since the Washington Currency Agreement of December, 1971, as calculated by the Bank of England, widened to *a further record level of 33.2 per* cent., from 33.1 per cent. previously. It stood at 33 per cent. in early dealings and improved to 32.9 per cent. at noon.

*Sterling's depreciation against* 14 units, as calculated by Morgan Guaranty of New York, on noon rates, narrowed slightly to 41.22 per cent. from 41.40 per cent. The U.S. dollar's trade-weighted average depreciation, on the Morgan Guaranty basis, improved to 2.38 per cent. from 2.43 per cent.

Gold gained $¼ to $132⅞-133⅞. The krugerrand finished at $136-$138 (£70-71) in the domestic market and its premium over the gold content was 2.81 per cent. *for domestic delivery* and 3.19 per cent. in international dealings.




### GOLD MARKET

### FOREIGN EXCHANGES

### SPECIAL DRAWING RIGHT RATES

### EXCHANGE CROSS-RATES

### EURO-CURRENCY INTEREST RATES*

### FORWARD RATES

### OTHER MARKETS

# FARMING AND RAW MATERIALS

## Individual commodity talks urged

COMMODITY-by-Commodity approach to discussions on international problems is preferred to an integrated programme by the Commonwealth Group of Economic Experts according to a Press release by Mr. Alister McIntyre, chairman, issued in London to-day.

## Farmers hit back at price award protests

BY PETER BULLEN

FARMERS LASHED out yesterday at MPs and consumers who had criticised the record 14 per cent. rise in their support prices following this year's U.K. and EEC farm price reviews.

In a special resolution the National Farmers' Union council expressed its concern at the "hysterical reaction and opposition to these price increases by certain quarters."

"The council wishes to remind consumer groups that one of the principal reasons why farm prices have had to be increased is to offset increased costs brought about by self-generated inflation in the U.K. Wage and salary earners, who constitute the consumers of this country, cannot expect the price of food to be held, when until recently their incomes were increasing at an annual rate of 30 per cent. and more."

To back up its argument it produced a list of foods and their real costs expressed in the number of minutes it took the average manual worker to earn them in January 1973 compared with January this year. Three of the 14 were now taking longer (bacon, sugar and potatoes) but all the rest took less.

Sir Henry Plumb

Sir Henry Plumb, NFU president, admitted that U.K. farmers were receiving the highest percentage increase in support prices in the Common Market this year. British farmers were getting 14 per cent., in Italy 13.2 per cent.; Ireland 12 per cent.; Belgium and Luxembourg 7.4 per cent.; Denmark 8.2 per cent.; Holland 7.6 per cent.; France 6.5 per cent. and West Germany 5.4 per cent.

But the 14 per cent. rise, against costs increases of 11 per cent., was a belated attempt to rectify the severe deterioration in the incomes of farmers which were 14 per cent. below last year's level and nearly 30 per cent. below what they were two years ago.

The NFU also condemned the EEC's short-term plan for disposing of the skimmed milk powder surplus and criticised the inadequacy of the settlement for arable farmers.

The Potato Marketing Board also criticised the 43 per cent. rise in the potato guaranteed price which brings it up to £40 a ton. It said £50 a ton was necessary in view of to-day's growing costs of more than £500 an acre. An inadequate guaranteed price raised a real threat to the future viability of the industry and to stability in consumer prices.

On the 16 per cent. increase in the milk producers' average guaranteed price, the Milk Marketing Board said the U.K. dairy farmer would still be getting less than the European target price. However, the award should encourage continued recovery in milk production, it added.

## World tea pact scheme proposed

BY A CORRESPONDENT

A COFFEE-STYLE international agreement for tea has been proposed by the U.K. Government during this week's meeting of Commonwealth tea producers and consumers in London this week. The scheme would involve the setting up of a mechanism for the use of export quotas in the event of a severe decline in tea prices below their present levels.

Although the British proposal has not received strong support, the possible outcome of the talks which enter their third and final day to-day is a recommendation to the UN, Food and Agriculture Organisation's inter-governmental meeting in Rome next month of a proposal for an international tea agreement.

This week's London meeting is in direct response to Mr. Wilson's reference—at a meeting of Heads of Government in Jamaica last year—to tea as a commodity of special interest to Commonwealth countries which had not benefited much from the 1973-74 boom

His suggestion for a Commonwealth initiative on tea was followed by a tour of the tea-producing countries in the Commonwealth by two U.K. Ministry of Agriculture officials, who sounded out the various Governments on their views on the prospects for an international agreement.

In the past, efforts to prop up tea prices by means of quotas have not had much success. The decline in tea prices to an all-time low in 1969 led to an exporters' group meeting under the auspices of the FAO's consultative committee, to set export quotas. These have applied since 1970.

Although tea prices rose in 1970, this was not so much due to the quotas, but a result of widespread strikes in the Indian tea industry that year. The 1969 quotas are generally recognised to have been far too liberal—they were set far too high for India and Sri Lanka—and have been of minimal value in raising the price.

Our Calcutta correspondent writes: Indian tea output during 1975 totalled 487m. kilos, which shows a marginal fall of 3m. kilos compared with the previous year's figure according to statistics compiled by the Indian Tea Board.

North Indian output was 9m. kilograms lower, while that of the South Indian gardens was 6m. kilos up at 106m. kilos. The net position comes to a 3m. kilos fall.

## Call for world sugar pact

CALI, Colombia, March 9.

PRESIDENT Alfonso Lopez Michelsen of Colombia has proposed the drafting of a new international sugar agreement under which consumers will be assured of stable supplies in exchange for guaranteed prices, reports Reuter.

Speaking at the opening of a meeting of regional sugar producers here, Sr. Lopez said the time was ripe to start negotiations with the traditional importers for a fair and permanent agreement.

Our commodities staff writes: World sugar values eased on the London terminal market in the face of the steadier tone of sterling which seemed to have taken some of the nervousness out of futures trading. The London daily price was fixed £2 higher at £185 a tonne

## Base metal prices hold firm

By John Edwards, Commodities Editor

BASE METAL prices remained firm on the London Metal Exchange yesterday despite the steadier tone in sterling. Closing prices generally, with the exception of lead, were higher than Monday's close but in many cases were below Monday's late kerb levels.

Three months standard grade tin, for example, closed last night £29 up on the previous close at £3,586 a tonne. Yet this compares with a peak of over £3,615 traded late on Monday evening and £3,610 traded yesterday morning.

There was a sharp rise in the Straits tin price in Penang overnight, up by $M25 to $M1,064 a picul, putting values firmly in the upper range of the agreement under which the buffer stock has to be a net buyer. However, it was felt in London that the rise in the Eastern market may have been restricted by selling from the buffer stock.

Copper values met a fair amount of profit-taking sales in early trading. But early losses were wiped out later and cash wirebars closed £3.75 higher at £868.75, before advancing again on the late kerb.

Lead prices were unable to sustain the full extent of Monday's rise, but moved up again in late trading. Zinc, however, rose with the cash price gaining £4.25 to £359 a tonne.

## Japanese cocoa demand falls

TOKYO, March 9.

JAPANESE COCOA bean grindings in 1975 fell to 29,189 tonnes from 29,606 tonnes in 1974, the Japanese Chocolate-Cocoa Association announced, reports Reuter.

Imports of cocoa beans, however, rose to 29,326 tonnes in 1975 from 25,481 tonnes in 1974 when imports declined sharply.

In Accra the Ghana Cocoa Marketing Board said purchases of main crop cocoa for the 23rd week of the season (ended March 4) were estimated at 1,472 tons, bringing main crop purchases this season to 382,133 tons, against 360,568 at this stage last year.

● With sterling steadier cocoa and coffee prices were weaker on the London terminal market. May cocoa closed £5 lower at £760.75 a tonne while May coffee lost £13.5 to £868 a tonne at one stage before recovering to close unchanged on the day at £881.5.

BAHAMAS FISHERIES

## A tightrope between U.S. and Cuba

BY OUR NASSAU CORRESPONDENT

TALKS BETWEEN the Cuban and Bahamas governments on a possible fishing agreement are in prospect this year. The Cubans are seeking rights along the Bahamas continental shelf in exchange for which they are prepared to offer the Bahamas technical assistance with developing its fishing industry.

The request and the offer is no different from that made by the U.S. last year and rejected, but it serves to point up the tightrope nature of relations between the newly-independent Bahamas and its two more powerful and ideologically disparate neighbours.

### Jurisdiction

Historically and economically, the fortunes of the Bahamas have been closely associated with those of the U.S. While there is no apparent desire to alter this state of affairs, the Government has pointed out, despite some criticism, that sovereignity and the national interest make it impossible to ignore the Cuban presence.

"The Bahamas must be prepared to recognise the existence of Cuba if it is ever to determine its territorial boundaries and terms on which its natural resources from the sea are to be exploited," the Prime Minister, Mr. Lynden Pindling has observed.

Absolutely necessary for the islands is an eventual agreement at the Law of the Sea Conference on the archipelagic principle so that the issues of jurisdiction, territorial boundary, economic exploitation, pollution control and rights of passage can be clearly defined for purposes of national security and protection of the physical environment on which the Bahamian tourist economy depends.

The Bahamian claim is for jurisdiction over a land and sea area of approximately 100,000 square miles, 94 per cent. of which is sea. The outermost extremities of Bahamian land extend to within 50 miles of North America, within 20 miles of Cuba and within 60 miles of Haiti. Enforcement of the archipelagic principle is therefore impossible without the consent of these three.

Adopting what it calls a "pragmatic approach," the Pindling Government has in recent years moved towards closer alliance with the Caribbean bloc as a more effective vehicle for projecting Bahamian policy.

Diplomatic relations with Cuba were established in 1974 following the precedent set by Britain. Any further moves toward accommodation however, are certain to have repercussions on U.S. relations. Potential areas of conflict are already evident.

The U.S. request for fishing rights last year followed a Bahamas Government order last August designating the spiny, slipper and spotted lobster a creature of the Bahamian continental shelf. The effect was to put 10,000 square miles of the most lucrative lobster grounds off limits to Florida commercial fishermen.

The Government has stated, as a matter of policy, that fishing in the Bahamas is to be reserved exclusively for Bahamians. The American fishing proposal was rejected because it failed to offer what was regarded as reciprocal benefits equivalent to those its lobster fishermen — most of whom are Cuban-American — would have derived from fishing the Bahama Banks.

The Bahamian law has been honoured by the U.S. because similar legislation covers the Maine lobster. Federal assent, however, has not deterred the several acts of terrorism carried out by Cuban-Americans against Bahamian interests in Florida. There is also the likelihood that Washington will take a much less moderate view of the Bahamian position on this and other issues if there is any agreement with the Castro Government

### Reservations

The U.S. has indicated that it is prepared to accept the Bahamian achipelagic position even though there are reservations as to the long-range effect this might have on the rights of free passage.

In the south-eastern Bahamas the Crooked Island and Mira Por Vos Passages serve shipping to and from ports in the Caribbean and Central America and to and from the U.S. and Canada: in the north-west Bahamas, the north-east and north-west Providence Channels are the shipping lanes through which pass practically all the commercial traffic between the Gulf of Mexico and Europe.

Because of its position astride some of the world's most heavily trafficked shipping lanes, the Bahamas is strategically important to the security of North America. Any signs of Cuban commitment with its wider ramifications of Soviet involvement will not be taken lighly. "If any major threat to the security of the U.S. developed through the Bahamas you can bet the U.S. will act," a former Ambassador remarked not long ago.

## Australia studies wool support funding

SYDNEY, March 9.

THE AUSTRALIAN Government is examining a scheme whereby the Australian Wool Corporation (AWC) will in future have to borrow its floor price funding from commercial banks, Mr. Ian Sinclair, the Primary Industry Minister, said here.

The Australian Government currently lends most of the funds for the floor price scheme, with the banks playing a minor role.

Mr. Sinclair said Government loans to the AWC are made at full commercial interest rates and added it might be better if the banks got the business in the future.

The scheme is also partially supported by a 5 per cent. levy on woolgrowers' returns.

Meanwhile, the Australian Wool Corporation has stated in a textile activity review in its latest monthly "Perspective" that wool consumption may tend to level off in Japan, West Germany and the U.S.—the countries where it started to rise earliest. Reuter.

## Brazil expects big jute crop

BRASILIA, March 9.

## COMMODITY MARKET REPORTS AND PRICES

### BASE METALS

TIN—Gained ground when comparing closing Ring levels but standard forward metal ended the day below Monday's late Kerb level of £3,615. The rise in Penang overnight was not as much as expected in some quarters and it was later thought that there might have been some selling there on behalf of the buffer stock manager.

### CONTRACTS AND TENDERS

AUTHORITY NOTICE

International Competitive Bidding And Invitation

### COCOA

### COFFEE

### SILVER

### RUBBER

### GRAINS

### FREIGHTS

### WOOL FUTURES

LONDON—The market was unchanged to a shade dearer, reports Bache.

(Pence per kilo)

### SOYABEAN MEAL

### SUGAR

### MEAT/VEGETABLES

### PRICE CHANGES

Prices per ton unless otherwise stated.

| | Mar. 9 1976 | + or — | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium | £420 | | £420 |
| Free Market (cif) | £375-385 | | £340-350 |

### FINANCIAL TIMES

### REUTER'S

### DOW JONES

### MOODY'S

U.S. Markets

## Good rains see wheat price drop

COPPER FINISHED lower on Commission House liquidation, and wheat declined due to good rains in growing areas. Sugar closed slightly higher with good buying because of a weaker sterling. Coffee was down on trade profit-taking. Silver closed slightly lower with mixed activity in quiet conditions, Bache reports.

## Special U.S. Commodity Chart Offer

# STOCK EXCHANGE REPORT

# British Funds revive but equity leaders mark time

## Share index eases 0.1 to 411.4—Properties on offer

**Account Dealing Dates**

| Option *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Feb. 23 | Mar. 4 | Mar. 5 | Mar. 16 |
| Mar. 8 | Mar. 18 | Mar. 19 | Mar. 30 |
| Mar. 22 | Apr. 1 | Apr. 2 | Apr. 13 |

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

A useful revival in British Funds provided one of the main points of interest in stock markets yesterday. A comparatively steadier performance by sterling coupled with the sharp fall in U.S. Treasury Bill rates and satisfaction with the slowdown in wholesale prices helped sentiment in this sector. Trading conditions were by no means active, but small buying met with a ready response. Final quotations were below the best, but still ranged to a full point in the longs and ¼ in earlier maturities. The Government Securities index rose 0.52 to 62.42.

Leading Industrials fluctuated within narrow limits before closing without much alteration on balance. A few small buyers prompted initial firmness, but lack of followthrough support saw prices drift off before turning a little better late on the strong opening on Wall Street. Up 1.4 at 10 a.m., the FT 30-share index reacted to show a loss of that amount at 3 p.m., but closed only a net 0.1 lower at 411.4.

News of the suspension of dealings in Amalgamated Investment and Property unsettled the Property sector where closing falls ranged to 4 in the leaders. The FT-Actuaries index for the section fell 2.7 per cent to 173.07. Nevertheless, overall conditions were slightly better, this being reflected in a majority of rises over falls by about 2-1 in FT-quoted Industrials and a rise of 0.3 per cent. in the FT-Actuaries All-Share index, to 167.46.

Corporations improved and the new GLC 12¼ per cent., 1983, issue rallied 3/16 to 9 7/16, or 9/16 discount in £10-paid form.

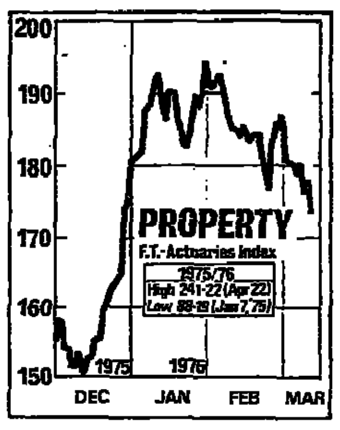
A calmer day in sterling was reflected in the investment currency market, where a low volume of business moved the premium between 100½ and 103½ before a close of 101¾ per cent., up ½ on balance. Yesterday's SE conversion factor was 0.6606 (0.6653).

### Brokers wanted

Insurance Brokers came in for a fair amount of support yesterday as buyers, realising the sector's strong overseas earnings potential, forced prices sharply higher. Leslie and Godwin were additionally helped by a revival of old bid rumours, with talk of a 170p cash offer from Jardine Matheson; the shares forged ahead to close 15 higher at 126p. C. E. Heath closed 14 better at 286p and Sedgwick Forbes were 11 dearer at 250p, while rises of between 6 to 8 took in Brentnall Beard, 94p, Hogg Robinson, 159p, Alexander Howden, 145p, Minet Holdings, 114p, and Matthews Wrightson, 193p. Composites generally took a back seat, but closed firm. Commercial Union hardened 2 to 136p with the help of Press comment.

The big four Banks were upset by the suspension of Amalgamated Investment and Property and immediately shed several pence. A late rally, however, helped prices close well off the bottom with Midland only 2 off at 270p, after 264p. A good business was transacted in Lloyds "new" nil-paid shares, which touched 11p before closing a net penny down at 15p premium; the old were 2 off at 223p, after 220p. Among Foreign issues, a combination of dollar premium and Far-Eastern influences left Hongkong and Shanghai 21 higher at 332p.

Emu Wine touched 185p before closing a net 10 better at 180p on news that Thomas Hardy, private Australian concern, had entered the bid battle with an offer of 182½p cash; this is 12½ more than the price offered by Western Australia Worsted and Woollen Mills.




Buildings were better in places. Carron finished 3 harder at 73p following the sale of their hydraulic division, while similar rises were scored by Mixconcrete, 77p, John Mowlem, 85p, and Parker Timber, 93p. Anglo-American Asphalt advanced 3 to 173p, but Shellabear Price contrasted with a fall of 5 to 30p.

Fisons featured Chemicals, falling 18 to 393p in active trading on the proposed £20m. "rights" issue which accompanied the preliminary figures. ICI, however, hardened 2 further to 396p and Hickson and Welch moved up 3 to 342p.

Television Contractors put up a firm showing, sentiment being helped by the successful test case brought by HTV enabling the company to increase its commercial advertising rates without breaking the anti-inflation laws. HTV finished a penny better at 77p, while Scottish "A," 33p, and Grampian "A," 28p, put on 2 and 3 respectively.

### BSR ease

After the previous two-day rise of 61 on the advance in the investment premium, Philips' Lamp improved 16 more to 977p on the back of Wall Street's new-found strength. Other leading Electricals, however, fluctuated narrowly in quiet trading. BICC closed 3 harder at 125p awaiting annual results, due shortly. GEC ended a penny firmer at 161p, but EMI, following the recent advance on the interim report, finished 2 easier at 274p, after 277p. Elsewhere, BSR reflected some disappointment with the preliminary statement by closing 3 down at 118p. The first-half report left George Sturla a penny lower at 12p, but George H. Scholes, ahead of Friday's half-year figures, put on 2 more to 204p for a two-day gain of 8.

Stores fluctuated narrowly in quiet trading. Marks and Spencer, 102p, and "Gussies" "A," 214p, shed a penny apiece. Mothercare, at 182p, gave up half the previous day's rise of 4 which followed news of the proposed acquisition of the U.S. retailing concern Dekon Corporation, while Helene of London were marked down ½ to 7½p on the announcement that a supplier of one of the company's subsidiaries has called a meeting of creditors. Shoes had a couple of firm spots in Booth International, 2 up at 40p, and Pittard, 5 to the good at 77p.

Leading Engineerings showed little net change, but selected medium-sized concerns were to the fore including Clarke Chapman, 77½p, and 600 Group, 73½p, both up 3. News of the Dinorwic hydro-electric power station order helped CompAir improve 2½ to 81p, while Haden Carrier gained 3 to 119p, after 120p, reflecting its subsidiary's American contract. Weyburn remained popular, assisted by the chairman's reference to a record first-quarter trading, and rose 40 to 370p, after 380p, in a very thin market. Davies and Metcalfe "A" improved 1½ to 14p on the increased dividend and higher profits, while Midland Industries gained 1 more to 25p, encouraged by the chairman's remarks at yesterday's annual meeting. C. and W. Walker gained 5 to 102p, but Birmingham Pallet lost 3 to 69p. Crown House (ex "rights" on Monday) eased 1½ to 26p and the new nil-paid shares were similarly lower at 5½p premium. Compensation hopes were more rife in Shipbuilding where Robb Caledon rose 7 to 53p, after 54p, and Richardsons Westgarth put on 4½ to 49p.

Apart from Associated Dairies, 6 higher at 218p following a reasonable business, Foods were generally quiet and little changed. Improvements of 3 were scored by Tate and Lyle, 274p, and Linfood, 223p, while Freshbake hardened 1½ more to a 1975-76 peak of 17p. After improving to 122p on the better-than-expected preliminary figures, United Biscuits reacted on profit-taking to close unchanged on the day at 118p. In Supermarkets, Kwik Save Discount advanced 6 to 126p.

Publicity given to the company's foreign currency loan commitments brought selling pressure to bear on Trust Houses Forte, which reacted 4 to 127p.

### Transport Devel. rise

Miscellaneous Industrial leaders moved indecisively in thin trading to close a little easier for choice. Bowater, after Monday's rise of 7, closed unaltered at 202p, after 205p. Pilkington were 4 better at 320p, but Glaxo lost that amount to 376p. Elsewhere, Transport Development rose 4 to 59p in response to the better-than-expected results. Press comment prompted an improvement of 3 to 38p in Thomas Witter, Steetley hardened 3 to 146p in front of to-day's annual figures. Drake and Cubitt gained 3 at 16p on light support. On the other hand, Photopia International declined 4 to 30p for a two-day fall of 6 on the half-time profits contraction. The withdrawal of the bids from Tranwood, ½ better at 11p, left Bank Bridge ½ down at 2½p and British Benzol 2 cheaper at 20p. Hong Kong issues moved ahead on Far East advices and investment premium influences, Jardine Matheson adding 17 at 402p and Hutchison 6½ at 51p.

Motors and Distributors had a quiet day. R. Stockfis were raised 3 to 110p on the increased dividend, but Armstrong Equipment eased a penny to 70½p following the interim statement. In Garages, Lex Service hardened 1½ to a 1975-76 peak of 39p.

Inveresk's second-half loss was most unexpected and, with the statement on current prospects also making for gloom the price reacted to 65p before closing a net 3½ lower at 66p. Elsewhere in Paper/Printings, Bemrose improved 2 more to 59p ahead of tomorrow's preliminary results. Advertising Agencies featured Kimpher, another 3 higher at 23p, and Ogilvy and Mather which, on increased profits, rose a point to £18¼.

### AIP suspension

The surprise temporary suspension of dealings in Amalgamated Investment and Property (16½p) at 1 p.m. yesterday at the company's request pending a further announcement, caused uneasiness throughout the Property sector. However, only moderate selling ensued which left losses extending to 4 in the leaders, as in MEPC, 79p, after 78p. Land Securities were finally 3 down at 178p, after 177p, and English Property 2½ off at 60p. British Land, 32p, and Town and City Properties, 16½p, receded 3 and 2 respectively. Elsewhere, Property Holding and Investment declined 9 to 225p and Hammerson "A" 7 to 355p, while Glanfield Securities, 165p, and Haslemere Estates, 190p, lost 5 apiece. Law Land gave up 4 at 63p, Property Partnerships 3 at 30p, and Capital and Counties 1½ at 14½p, while Midhurst White, in which Amalgamated Investment has a substantial stake, shed a penny to 10p. London Bridge Securities, however, after falling afresh to 10p on the half-year loss, rallied to close unchanged on the day at 13p. Still helped by the investment premium, Hong Kong Land rose 7 more to 137p, while the South African Sorec improved 5 to 45p.

In anticipation of the preliminary figures to-morrow from the Royal Dutch/Shell group, buyers again came for Shell which soon overcame mid-morning easiness to close 7 higher at the day's best of 402p. British Petroleum, with results later in the month, were overshadowed but still gained 2 to 605p. Burmah were slightly unsettled initially by the imminent details of the Government's take-over of a substantial part of its North Sea assets; after easing to 48p, Burmah closed a penny up at 50p. Domestic market influences caused Sunningdale to react 60 to 640p, but Woodside-Burmah, which were quoted ex "rights" on Monday, improved 2 to 100p, while the new nil-paid shares ended at 34p premium. Elsewhere, British-Borneo regained 6 more to 112p in recognition of its oil share interests.

Among Overseas Traders, Sime Darby improved 6 further to 115p* on investment premium influences. Paterson Zochonis, with first-half results expected next Thursday, gained another 5 at 170p.

Overseas stocks fared best in Trusts and Financials. Far-eastern advices brought about improvements of 7 and 15 respectively in Jardine Securities, 135p, and International Pacific Securities, 120p. Dalgety firmed 6 to a 1975-76 high of 270p on consideration of the group's overseas earnings' potential. Elsewhere, R. P. Martin edged forward 2 to 74p with the help of Press comment. Lampa Securities, however, reacted 3 to 110p.

A small speculative enquiry left Furness Withy 5 up at 219p in Shippings.

Textiles displayed no set trend after a small trade. Opening around 10p, Fairfax Jersey were nervously sold down to 8p at which price the quotation was suspended around 3 p.m. at the company's request pending clarification of its financial position. Small and Tidmas lost 2 to 24p following disappointing results, but Nottingham Manufacturing improved 3 more to 83p on further consideration of the chairman's annual statement. Sirdar gained 3 at 43p and A. Beckman hardened 2 to 69p; the latter's interim results are due March 24.

After the previous day's gain of 8, Bats traded quieter yesterday, recovering an early fall of a penny to close unaltered on balance at 335p. Imps, however, improved 2 at 76p.

### Golds falter

South African Gold shares lost ground for the first time in four trading days following the initial modest fall in the bullion price which eventually rallied to close 25 cents higher at $ ... ounce. Share pri... initially firmer reflec... U.S. interest late on ... subsequently eased on ... local selling. Further ... interest caused a bri... late dealings but price... lower on the day with ... Mines index down 3.9 ...

In the heavyweig... losses of around a ... seen in St. Helen... Western Holdings (... West Driefontein (£2... the lower priced stoc... gave up 20 at 500p.

Overseas-based Fina... generally firmer in li... rise in the investm... premium.

De Beers opened a ... fell to 212p before clo... on balance at 220p ... the higher 1975 ... increased dividend.

London-based Finan... generally unchanged, ... exception of Gold F... lost 4 to 163p. Co... mixed despite the ... strength of the m... Minorco hardened ... RCM gave up 10 ... Platinums were quietl... gained ground reflect... in the metal price. ... Malayan gained 8 to ... Geevor rose 7 to 177 ...

Australians were m... with overnight hom... Utah Mining were ... but Pancontinental fe...

Elsewhere, Sabina r... 8½ to 105p, after 11... siderations of the ele... zone find at its New... lead-zinc-silver prosp... field Minerals, howev... 32 to 172p on profit-t...

## F.T.—ACTUARIES SHARE INDICES

*These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries*

| | EQUITY GROUPS / GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section.) | Tuesday, March 9, 1976: Index No. | Day's Change % | Est. Earnings Yield % (Max) Corp. Tax 52% | Gross Div. Yield % (ACT at 35%) | Est. P/E Ratio (net) Corp. Tax 52% | Est. P/E Ratio (nil) Corp. Tax 52% | Monday March 8 Index No. | Friday March 5 Index No. | Thurs. March 4 Index No. | Wed. March 3 Index No. | Year ago (approx.) Index No. | 1975/76 High | 1975/76 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (178) | 155.17 | +0.2 | 14.71 | 5.51 | 10.25 | 10.25 | 154.87 | 152.72 | 153.91 | 152.65 | 111.05 | 155.17 (9/3/76) | 51.78 (6/1/75) | 206.57 (4/5/72) | 50.71 (13/12/74) |
| 2 | Building Materials (29) | 145.19 | −0.5 | 11.26 | 6.02 | 13.37 | 13.37 | 145.88 | 143.80 | 146.43 | 143.49 | 99.96 | 150.18 (15/1/76) | 45.11 (6/1/75) | 233.84 (2/5/72) | 44.27 (11/12/74) |
| 3 | Contracting, Construction (23) | 233.85 | −0.2 | 14.97 | 4.19 | 10.43 | 10.43 | 233.57 | 232.28 | 234.32 | 233.37 | 199.96 | 263.54 (16/1) | 74.74 (6/1/75) | 389.33 (19/5/72) | 71.48 (12/12/74) |
| 4 | Electricals (16) | 276.14 | +0.5 | 15.79 | 4.32 | 9.28 | 9.28 | 274.83 | 268.22 | 271.58 | 267.82 | 203.30 | 296.14 (9/3/76) | 98.49 (2/1/75) | 350.04 (4/5/72) | 84.71 (25/6/62) |
| 5 | Engineering (Heavy) (13) | 175.40 | +1.0 | 18.64 | 6.73 | 8.72 | 8.72 | 173.66 | 169.74 | 171.31 | 168.75 | 134.41 | 181.38 (30/1/76) | 64.39 (2/1/75) | 202.57 (6/6/73) | 64.39 (2/1/75) |
| 6 | Engineering (General) (63) | 142.47 | +0.3 | 15.52 | 5.98 | 9.66 | 9.66 | 142.07 | 140.68 | 141.00 | 140.28 | 94.81 | 142.47 (9/3/76) | 45.43 (6/1/75) | 168.59 (4/5/72) | 45.43 (6/1/75) |
| 7 | Machine and Other Tools (9) | 57.96 | −0.1 | 14.57 | 6.46 | 12.37 | 12.37 | 58.00 | 57.40 | 56.89 | 57.16 | 40.29 | 68.00 (16/3/76) | 20.11 (3/1/75) | 136.70 (4/7/66) | 19.96 (13/12/74) |
| 8 | Miscellaneous (25) | 133.17 | +0.4 | 15.01 | 6.51 | 10.24 | 10.24 | 132.70 | 131.68 | 132.81 | 132.42 | 102.46 | 134.85 (26/2/76) | 49.65 (6/1/75) | 177.41 (27/4/72) | 49.65 (6/1/75) |
| 9 | CONSUMER GOODS (DURABLE) (56) | 139.95 | +0.3 | 13.88 | 4.48 | 10.91 | 10.89 | 139.48 | 137.83 | 137.92 | 136.77 | 83.64 | 139.95 (9/3/76) | 38.39 (6/1/75) | 227.78 (21/4/72) | 38.39 (6/1/75) |
| 10 | Electronics, Radio TV etc. (15) | 158.96 | +0.3 | 12.01 | 3.36 | 12.46 | 12.44 | 158.56 | 156.78 | 156.44 | 155.33 | 100.39 | 159.21 (26/2/76) | 44.28 (6/1/75) | 257.41 (19/6/72) | 42.85 (12/12/74) |
| 11 | Household Goods (15) | 179.93 | +0.5 | 18.32 | 6.26 | 8.25 | 8.23 | 179.04 | 180.01 | 180.14 | 180.50 | 128.37 | 184.94 (25/2/76) | 64.53 (6/1/75) | 263.22 (4/5/72) | 63.92 (17/12/74) |
| 12 | Motors and Distributors (26) | 83.82 | +0.4 | 15.17 | 5.59 | 10.15 | 10.15 | 83.49 | 81.84 | 82.28 | 81.06 | 42.51 | 83.82 (9/3/76) | 19.91 (6/1/75) | 170.59 (15/1/69) | 19.91 (6/1/75) |
| 13 | CONSUMER GOODS (NON-DURABLE) (168) | 155.69 | — | 13.50 | 5.68 | 10.97 | 10.86 | 155.72 | 154.02 | 156.42 | 154.60 | 121.07 | 162.24 (5/2/76) | 61.98 (6/1/75) | 226.08 (16/8/72) | 61.41 (13/12/74) |
| 14 | Breweries (15) | 163.08 | −0.4 | 13.85 | 6.61 | 10.85 | 10.85 | 163.74 | 162.32 | 165.80 | 163.51 | 136.23 | 179.43 (2/2/76) | 75.58 (6/1/75) | 281.87 (28/11/72) | 69.47 (13/12/74) |
| 15 | Wines and Spirits (7) | 181.95 | +0.9 | 10.17 | 6.54 | 14.92 | 14.92 | 180.31 | 175.96 | 178.19 | 176.60 | 142.88 | 186.67 (2/2/76) | 80.42 (6/1/75) | 257.40 (13/7/72) | 78.81 (13/12/74) |
| 16 | Entertainments, Catering (15) | 209.60 | −0.8 | 11.41 | 6.04 | 13.82 | 13.23 | 211.26 | 209.63 | 209.68 | 205.71 | 121.20 | 211.26 (8/3/76) | 55.28 (6/1/75) | 329.99 (13/12/72) | 54.87 (19/7/74) |
| 17 | Food Manufacturing (22) | 167.02 | −0.2 | 12.52 | 5.04 | 11.28 | 11.20 | 167.37 | 165.21 | 168.26 | 165.65 | 126.48 | 174.03 (4/2/76) | 62.03 (2/1/75) | 211.65 (16/72) | 59.78 (11/12/74) |
| 18 | Food Retailing (16) | 143.10 | +0.7 | 11.63 | 4.84 | 12.51 | 12.51 | 142.04 | 140.73 | 143.73 | 141.88 | 121.43 | 155.88 (10/11) | 57.15 (2/1/75) | 235.08 (15/8/72) | 54.25 (11/12/74) |
| 19 | Newspapers, Publishing (15) | 183.28 | +0.2 | 12.51 | 5.51 | 12.19 | 12.19 | 182.86 | 181.54 | 182.16 | 181.52 | 134.21 | 184.16 (26/2/76) | 55.08 (6/1/75) | 250.29 (18/1/72) | 55.08 (6/1/75) |
| 20 | Packaging and Paper (13) | 109.15 | −0.2 | 19.98 | 7.00 | 7.54 | 7.45 | 109.32 | 108.24 | 110.35 | 109.58 | 85.90 | 112.50 (26/2/76) | 43.46 (6/1/75) | 135.69 (28/4/72) | 43.46 (6/1/75) |
| 21 | Stores (34) | 130.61 | −0.1 | 11.59 | 5.17 | 13.25 | 13.23 | 130.76 | 130.57 | 132.15 | 130.55 | 105.18 | 136.24 (2/2/76) | 52.63 (6/1/75) | 204.39 (16/8/72) | 52.63 (6/1/75) |
| 22 | Textiles (22) | 174.38 | +0.1 | 13.72 | 6.22 | 9.39 | 8.82 | 174.20 | 171.19 | 175.17 | 173.50 | 115.64 | 183.19 (30/1/76) | 62.91 (6/1/75) | 253.72 (17/9/62) | 62.66 (11/12/74) |
| 23 | Tobaccos (3) | 217.13 | +0.3 | 20.08 | 6.53 | 7.59 | 7.59 | 216.48 | 211.56 | 215.60 | 214.84 | 185.81 | 236.22 (5/2/76) | 109.92 (6/1/75) | 359.16 (2/8/72) | 94.34 (15/6/62) |
| 24 | Toys and Games (6) | 69.99 | −0.8 | 19.48 | 5.68 | 7.15 | 7.15 | 69.42 | 67.73 | 66.91 | 66.93 | 40.21 | 69.99 (9/3/76) | 20.92 (6/1/75) | 135.72 (16/1/70) | 20.92 (6/1/75) |
| | OTHER GROUPS (94) | | | | | | | | | | | | | | | |
| 25 | Chemicals (24) | 221.63 | +0.1 | 11.80 | 4.33 | 11.71 | 11.70 | 221.35 | 217.71 | 218.97 | 216.54 | 141.26 | 221.63 (9/3/76) | 73.14 (6/1/75) | 221.63 (9/3/76) | 71.20 (1/12/74) |
| 26 | Office Equipment (10) | 90.29 | −0.6 | 14.74 | 5.74 | 10.27 | 10.27 | 90.88 | 90.51 | 92.30 | 92.78 | 94.22 | 104.76 (17/4) | 45.34 (2/1/75) | 246.06 (1/9/72) | 45.34 (2/1/75) |
| 27 | Shipping (12) | 377.46 | +0.3 | 19.14 | 6.56 | 6.68 | 6.42 | 376.47 | 374.09 | 376.21 | 373.72 | 374.21 | 432.64 (30/1/76) | 194.38 (6/1/75) | 517.00 (6/12/72) | 90.80 (29/6/62) |
| 28 | Miscellaneous (48) | 170.04 | +0.1 | 13.84 | 6.22 | 10.64 | 10.64 | 169.94 | 168.02 | 169.64 | 168.15 | 125.53 | 172.73 (30/1/76) | 60.39 (6/1/75) | 258.83 (2/5/72) | 60.39 (6/1/75) |
| 29 | INDUSTRIAL GROUP (496) | 161.31 | +0.1 | 13.72 | 5.43 | 10.71 | 10.65 | 161.19 | 159.21 | 160.93 | 159.31 | 118.96 | 164.06 (30/1/76) | 59.19 (6/1/75) | 220.17 (1/5/72) | 59.01 (13/12/74) |
| 30 | OILS (4) | 348.01 | +1.0 | 14.46 | 4.63 | 7.72 | 6.92 | 344.48 | 335.42 | 337.72 | 332.90 | 206.58 | 351.71 (9/1/76) | 105.83 (2/1/75) | 431.66 (29/5/69) | 87.23 (29/5/62) |
| 31 | 500 SHARE INDEX | 176.92 | +0.2 | 13.83 | 5.31 | 10.12 | 9.85 | 176.55 | 174.01 | 175.79 | 173.91 | 126.55 | 178.83 (30/1/76) | 65.49 (6/1/75) | 227.95 (16/8/72) | 63.49 (13/12/74) |
| 32 | FINANCIAL GROUP (100) | 140.49 | −0.2 | — | 5.10 | — | — | 140.25 | 140.07 | 141.59 | 140.48 | 126.34 | 153.46 (30/1/76) | 66.50 (6/1/75) | 241.41 (11/4/72) | 55.88 (13/12/74) |
| 33 | Banks (6) | 158.50 | −0.5 | 19.24 | 5.34 | 7.99 | 7.99 | 159.28 | 162.22 | 165.88 | 163.18 | 144.53 | 192.16 (23/1/76) | 62.56 (2/1/75) | 288.32 (20/7/72) | 62.44 (12/12/74) |
| 34 | Discount Houses (10) | 174.92 | — | — | 7.03 | — | — | 174.92 | 176.90 | 176.58 | 177.16 | 156.41 | 186.52 (15/1/76) | 84.13 (6/1/75) | 293.13 (2/7/72) | 81.40 (10/12/74) |
| 35 | Hire Purchase (5) | 130.45 | — | — | 4.83 | — | — | 130.45 | 131.30 | 130.45 | 128.75 | 122.42 | 134.39 (10/5) | 42.81 (6/1/75) | 433.72 (4/6/72) | 38.83 (11/12/74) |
| 36 | Insurance (Life) (9) | 128.25 | −0.1 | — | 5.33 | — | — | 128.43 | 127.93 | 128.85 | 128.26 | 102.61 | 129.46 (30/1/76) | 44.88 (2/1/75) | 194.46 (15/8/72) | 44.88 (2/1/75) |
| 37 | Insurance (Composite) (7) | 114.61 | +1.7 | — | 5.99 | — | — | 112.66 | 110.90 | 110.79 | 110.06 | 92.47 | 123.90 (20/5) | 44.47 (2/1/75) | 156.76 (21/4/72) | 43.96 (13/12/74) |
| 38 | Insurance Brokers (9) | 242.49 | +4.5 | 8.51 | 3.82 | 17.82 | 17.82 | 231.95 | 231.26 | 234.18 | 232.41 | 159.34 | 242.49 (9/3/76) | 68.96 (7/1/75) | 262.57 (12/12/72) | 65.86 (16/12/74) |
| 39 | Merchant Banks (17) | 87.88 | +0.3 | — | 6.27 | — | — | 87.59 | 87.22 | 87.49 | 88.13 | 91.51 | 94.97 (7/5) | 31.21 (7/1/75) | 278.57 (1/5/72) | 31.21 (7/1/75) |
| 40 | Property (32) | 173.07 | −2.7 | 2.69 | 2.81 | 70.11 | 65.42 | 177.85 | 176.07 | 180.11 | 178.60 | 196.36 | 241.22 (22/4) | 86.19 (7/1/75) | 357.40 (9/11/73) | 56.01 (20/4/65) |
| 41 | Miscellaneous (5) | 87.17 | — | 14.74 | 6.23 | 10.64 | 10.64 | 87.17 | 87.17 | 87.59 | 88.55 | 70.49 | 91.98 (3/2/76) | 34.78 (10/1/75) | 303.13 (18/5/72) | 33.29 (17/12/74) |
| 42 | Investment Trusts (50) | 165.48 | −1.1 | 3.15 | 4.38 | 32.92 | 32.90 | 165.70 | 160.67 | 162.85 | 164.14 | 142.93 | 184.55 (30/1/76) | 73.43 (6/1/75) | 245.79 (25/4/72) | 71.63 (13/12/74) |
| 43 | ALL-SHARE INDEX (650) | 167.46 | +0.3 | — | 5.23 | — | — | 167.04 | 165.00 | 166.74 | 165.20 | 126.55 | 172.64 (30/1/76) | 62.16 (6/1/75) | 228.18 (1/5/72) | 61.92 (13/12/74) |
| | COMMODITY GROUPS (Not included in 500 or All-Share indices) | | | | | | | | | | | | | | | |
| 44 | Rubbers (9) | 443.59 | — | 14.45 | 7.57 | 10.62 | 10.60 | 443.70 | 443.29 | 445.43 | 447.10 | 453.93 | 525.43 (23/5) | 281.66 (3/1/75) | 565.37 (25/1/75) | 84.68 (20/6/65) |
| 45 | Teas (8) | 123.73 | −0.4 | 34.05 | 9.57 | 3.98 | 3.85 | 123.27 | 124.19 | 124.16 | 124.34 | 87.48 | 126.91 (19/2/76) | 76.76 (10/1/75) | 126.91 (12/2/76) | 59.72 (17/10/74) |
| 46 | Coppers (3) | 197.52 | −2.7 | 50.03 | 8.70 | 2.00 | 2.00 | 203.08 | 183.83 | 190.46 | 195.02 | 422.75 | 467.74 (27/5) | 183.83 (5/3/76) | 567.78 (15/7/73) | 94.08 (29/4/62) |
| 47 | Mining Finance (11) | 93.87 | +0.1 | 12.59 | 5.36 | 8.98 | 8.98 | 93.74 | 89.72 | 86.87 | 86.18 | 110.76 | 141.34 (30/5) | 80.58 (22/1/76) | 176.90 (28/4/69) | 66.31 (30/9/74) |
| 48 | Tins (8) | 95.12 | +2.9 | 12.74 | 9.28 | 11.43 | 10.83 | 92.49 | 93.67 | 93.81 | 93.87 | 91.51 | 114.49 (5/6) | 56.91 (8/1/76) | 125.43 (12/1/73) | 54.85 (27/5/71) |
| 49 | Overseas Traders (13) | 232.82 | +0.1 | 14.49 | 4.44 | 9.04 | 9.03 | 232.56 | 230.19 | 231.91 | 229.73 | 205.17 | 252.23 (20/5) | 97.37 (6/1/75) | 258.23 (20/5/75) | 97.37 (6/1/75) |

| | FIXED INTEREST | Tues., March 9 Index No. | Yield % | Monday March 8 | Friday March 5 | Thurs. March 4 | Wed. March 3 | Tues. March 2 | Monday March 1 | Friday Feb. 27 | Year ago (approx.) | 1975/76 High | 1975/76 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Consols 2½% yield | — | 13.85 | 14.04 | 13.83 | 13.75 | 13.72 | 13.72 | 13.62 | 13.70 | 13.95 | — | — | — | — |
| 2 | 20-yr. Govt. Stocks (6) | 49.74 | 13.09 | 49.23 | 49.98 | 50.34 | 50.49 | 50.16 | 50.40 | 50.96 | 51.07 | 53.45 (30/1/76) | 38.27 (3/1/76) | 115.42 (11/9/63) | 38.27 (3/1/75) |
| 3 | 20-yr. Red. Deb. & Loans (15) | 50.64 | 14.60 | 50.49 | 50.17 | 50.29 | 50.39 | 50.44 | 50.51 | 50.60 | 49.91 | 51.46 (4/2/76) | 37.01 (3/1/75) | 113.43 (23/10/63) | 37.01 (3/1/75) |
| 4 | Investment Trust Prefs. (15) | 49.52 | 13.97 | 49.59 | 49.34 | 49.61 | 49.68 | 49.99 | 49.99 | 50.08 | 46.03 | 51.23 (13/2/76) | 35.35 (3/1/76) | 114.41 (13/9/63) | 34.45 (4/12/74) |
| 5 | Coml. and Indl. Prefs. (20) | 68.39 | 13.92 | 68.54 | 69.00 | 69.20 | 69.04 | 68.91 | 68.91 | 68.56 | 65.54 | 71.97 (3/2/76) | 47.67 (6/1/76) | 114.95 (7/10/63) | 47.67 (6/1/75) |

| Section or Group | Base Date | Base Value | Section or Group | Base Date | Base Value |
|---|---|---|---|---|---|
| Overseas Traders | 31/12/74 | 100.00 | Food Retailing | 29/12/67 | 114.13 |
| Engineering (Heavy) | 31/12/71 | 153.84 | Insurance Brokers | 29/12/67 | 96.67 |
| Engineering (General) | 31/12/71 | 153.84 | Mining Finance | 29/12/67 | 100.00 |
| Wines and Spirits | 16/1/70 | 144.75 | All Other | 10/4/62 | 100.00 |
| Toys and Games | 16/1/70 | 135.72 | | | |
| Office Equipment | 16/1/70 | 162.74 | | | |
| Industrial Group | 31/12/70 | 128.20 | | | |
| Miscellaneous Financial | 31/12/70 | 128.06 | | | |
| Food Manufacturing | 29/12/67 | 114.13 | | | |

‡ Redemption yield. FT-Actuaries indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A new list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By post 20p. CONSTITUENT CHANGES: Consolidated Tea and Lands and Teith Holdings have been replaced by McLeod Russel (Teas). RECLASSIFICATION: Dixons Photographic has been reclassified from Entertainment and Catering to Stores.

## FINANCIAL TIMES STOCK INDICES

| | March 9 | March 8 | March 5 | March 4 | March 3 |
|---|---|---|---|---|---|
| Government Secs. | 62.42 | 61.90 | 62.47 | 62.70 | [illegible] |
| Fixed Interest | 61.66 | 61.65 | 62.22 | 63.49 | [illegible] |
| Industrial Ordinary | 411.4 | 411.5 | 404.7 | 407.6 | 408.7 |
| Gold Mines | 172.9 | 176.1 | 172.2 | 164.7 | [illegible] |
| Ord. Div. Yield | 5.05 | 5.05 | 5.13 | [illegible] | [illegible] |
| Earnings Y'ld % (full) | 14.65 | 14.65 | 14.89 | 14.62 | [illegible] |
| P/E Ratio (net) (*) | 10.09 | 10.09 | 10.01 | 10.06 | [illegible] |
| Dealings marked | 7,465 | 7,653 | 7,739 | 6,559 | [illegible] |
| Equity turnover £m. | — | 65.26 | 72.18 | 71.57 | [illegible] |
| Equity bargains total | — | 20,969 | 19,840 | [illegible] | [illegible] |

10 a.m. 412.9. 11 a.m. 413.2. Noon 412.5. 1 p.m. 411.6. 2 p.m. 410.1. 3 p.m. 410.0.

Latest Index 01-246 8026.

*) Based on 52 per cent. corporation tax.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

## HIGHS AND LOWS

| | 1975/6 High | 1975/6 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|
| Govt. Secs. | 66.21 (5/1/76) | 49.18 (3/1/75) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 64.43 (2/2/76) | 50.53 (3/1/75) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 417.4 (30/1/76) | 146.0 (6/1/75) | 543.6 (19/5/72) | 49.4 (26/6/40) |
| Gold Mines | 442.5 (22/5/75) | 164.0 (3/3/76) | 442.3 (22/5/75) | 43.5 (26/10/71) |

## S.E. ACTIVITY

| | March 9 |
|---|---|
| Daily— | |
| Gilt-Edged | 188. |
| Industrials | 248. |
| Speculative | 93. |
| Totals | 189. |
| 5-day Av'ge | |
| Gilt-Edged | 182. |
| Industrials | 244. |
| Speculative | 107. |
| Totals | 171. |

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1975/6 high | 1975/6 low |
|---|---|---|---|---|---|---|
| Lloyds Bank 'New' | Nil/pd. | 15 | 15* | −1 | 36* | 11* |
| ICI | £1 | 13 | 396 | +2 | 396 | 118 |
| Burmah Oil | £1 | 11 | 50 | +1 | 100 | 27 |
| De Beers Defd. | R0.05 | 11 | 220 | −3 | 335 | 161 |
| Shell Transport | 25p | 11 | 402 | +7 | 404 | 118 |
| Stand.-Chart. 'New' | Nil/pd. | 11 | 30* | +4 | 42* | 16* |
| Unilever | 25p | 11 | 452 | −2 | 462 | 170 |
| British Leyland | 50p | 10 | 32 | +2 | 37 | 20 |
| Distillers | 50p | 10 | 148 | +1 | 152 | 63½ |
| Beecham | 25p | 9 | 356 | −2 | 359 | 116 |
| Cons. Gold Fields | 25p | 9 | 163 | −4 | 290 | 144 |
| Rank Org. 'A' | 25p | 9 | 130 | — | 205 | 78 |
| Slater Walker | 25p | 9 | 25 | — | 108 | 17 |
| BSR | 10p | 8 | 116 | −3 | 124 | 20 |
| Barclays Bank | £1 | 8 | 280 | — | 350 | 112 |

*The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).*
* Premium.

## Option Report—3-month Call rates

**OPTION DEALING DATES**

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Mar. 2 | Mar. 15 | May 17 | Jun. 9 |
| Mar. 16 | Mar. 29 | Jun. 10 | Jun. 22 |
| Mar. 30 | Apr. 12 | Jun. 24 | July 6 |

"Calls" were dealt in Associated Fisheries, BSG, London Tin, Town and City, Burmah Oil, Currys, Delta Metal, Unicorn, English Property, Plessey, Dunlop and Lucas. No "puts" were reported, while "doubles" were arranged in Charterhall Finance, London Tin, Associated Fisheries, Lex Service Warrants, MEPC, Parker Knoll "A", Cons. Gold Fields, British Land and Town and City.

| Industrials | | | | | | | |
|---|---|---|---|---|---|---|---|
| A. P. Cement | 15 | Guardian | 30 | Spillers | 5 | Shell | 25 |
| Assoc. Leisure | 3 | G.K.N. | 22 | Tesco | 5 | Ultramar | 20 |
| Barclays Bank | 22 | Hawker Sidd. | 35 | Thorn "A" | 20 | | |
| Beecham | 28 | House of Fraser | 8 | Tube Invest. | 27 | Mines | |
| Boots Drug | 12 | I.C.I. | 21 | Unilever | 40 | Anglo Amer. | 50 |
| Bowaters | 16 | "Imps" | 7 | Utd. Drapery | 10 | Charter Cons. | 16 |
| B.A.T. | 30 | I.C.L. | 14 | Vickers | 13 | Chart'h'll Fin. | 6 |
| British Leyland | 7 | Inveresk | 7 | Williams Hud'n | 4 | Cons. Gold | 16 |
| BOC Int. | 5½ | Legal & General | 13 | Woolworths | 6 | De Beers Def. | 35 |
| Burton 'A' | 7 | Ladbroke | 11 | | | F. S. Geduld | 350 |
| Cadburys | 6 | Lloyds Bank | 22 | Property. | | Great Boulder | 12 |
| Courtaulds | 11 | "Lofs" | 8½ | Amal. Inv. | 3½ | Hampton Areas | 12 |
| Debenhams | 8 | "Mams" | 6 | Brit. Land | 4½ | Hampton Prop. | 4 |
| Distillers | 13 | Marks & Spencer | 10 | Cap Counties | 3½ | Kloof | 100 |
| Dunlop | 7½ | Midland Bank | 22 | E.P. | 8 | Lonrho | 12 |
| Eagle Star | 13 | Nat'l West Bank | 20 | Land Securities | 18 | Loraine | 55 |
| E.M.I. | 17 | "Do" Warrants | 10 | MEPC | 10 | Poseidon | 55 |
| Gen. Accident | 16 | P & O Dfd. | 11 | Peachey | 3½ | Pres. Steyn | 200 |
| Gen. Electric | 13 | Plessey | 8 | Town & City | 3½ | Rio T. Zinc | 17 |
| Glaxo | 35 | R.H.M. | 6 | Town & Comm. | 4 | Welkom | 55 |
| Grand Met | 7 | Rank Org. 'A' | 18 | | | West Areas | 40 |
| G.U.S. 'A' | 17 | Reed Int'l | 25 | Oils. | | Western M'ng. | 18 |
| | | Rothmans | 4 | Brit. Petroleum | 40 | | |
| | | Slater Walker | 4½ | Burmah Oil | 7 | | |

## NEW HIGHS AND LOWS FOR 1975/76

The following securities (numbers in parentheses) among those quoted in the Share Information Service yesterday attained new Highs and Lows for 1975-76.

NEW HIGHS (73)
BRITISH FUNDS (2)
Treasy. 6½pc [illegible]
AMERICANS (9)
Bethlehem Steel, Caterpillar Tractor, Champion [illegible], Chrysler [illegible]
CANADIANS (1)
Massey Ferguson
BUILDINGS (3)
Benford Mach., Fairclough (L.) [illegible]
CHEMICALS (1)
Hickson Welch
CINEMAS (2)
H.T.V., Scottish TV 'A'
STORES (4)
Brown (N.), Dixons Photo. [illegible]
ELECTRICALS (2)
Cohen Bros. [illegible]
ENGINEERING (11)
Bate (W.), Birmid Qualcast, Boulton (W.), Davies Metcalfe 'A', Haden Carrier, Jones and Shipman [illegible]
FOODS (1)
Freshbake
INDUSTRIALS (13)
Bank Bridge Sec., British Vita, Courtney Pope, Dobson Park, Feedex, Granada 'A', Imp. Cont. Gas, Lesney Products, Spear (J. W.), Steetley [illegible]
INSURANCE (6)
Hogg Robinson, Leslie & Godwin, Matthew Wrightson, Stenhouse [illegible]
MOTORS (6)
Assoc. Engng., Henlys, Lucas Inds., Kenning, Stockfis (Robert), Lex Service
PAPERS (1)
Bemrose
PROPERTY (1)
Intereuropean
SHOES (1)
Pittard
TEXTILES (3)
Nottingham Mfg., Tomkinsons, Sirdar
TRUSTS (1)
Dalgety
NEW LOWS (6)
PROPERTY (2)
English Prop.6½pcCnv, English Prop.12pcCnv.
MINES (4)
Buffelsfontein, Western Deep, E. Driefontein, Loraine

**CORAL INDEX**
Close 411-416

**I.G. INDEX**
GOLD 131½-134½

## RISES AND FALLS YESTERDAY

British Funds
Corpns. Dom. and Foreign Bonds
Industrials
Financial and Prop.
Oils
Plantations
Mines
Recent Issues
Totals

## BASE LENDING RATES

Allied Irish Banks
Anglo-Portuguese
Henry Ansbacher
Banco de Bilbao
Bank of Cyprus
Bank of N.S.W.
Banque du Rhone
Barclays Bank
Barnett Christie
Bremar Holdings
Brit. Bank of Mid.
■ Brown Shipley
Canada Permanent
Cayzer Bowater Co
Cedar Holdings
■ Charterhouse Japh
C. E. Coates
Consolidated Cred
Co-operative Bank
Corinthian Securi
Credit Lyonnais
G. R. Dawes
Duboff Brothers
Duncan Lawrie
English Transcont.
First London Secs.
■ Antony Gibbs
Goode Durrant Tr
Greyhound Guara
Grindlays Bank
■ Guinness Mahon
■ Hambros Bank
Hawtin & Partne
■ Hill Samuel
C. Hoare & Co.
Julian S. Hodge
Industrial Bank of
Keyser Ullmann
Knowsley & Co. L
Lloyds Bank
London & Europe
London Merc'tile C
Midland Bank
■ Samuel Montagu
■ Morgan Grenfell
National Westmin
Northern Comm.
Norwich General
Portman Guaranty
P. S. Refson & C
Rossminster Acce
Schlesinger Limit
E. S. Schwab
Security Trust Co
Shenley Trust
Standard Charter
Thames Guaranty
Trade Developme
Twentieth Century
United Bank of K
Whiteaway Laidla
Williams & Glyn
Yorkshire Bank

■ Members of the Acc... Committee.
* 7-day deposits on sums ... over £25,000 ...
† 7-day deposits on sums ... under ... over ...
‡ Demand deposits ...
‡ Call deposits over ...

## INSURANCE BASE RATES

† Atlantic Assuran...
Cannon Assuranc...
‡ Address shown under Property Bond table.

# MONEY MARKET

## Adequate credit supply

Bank of England Minimum Lending Rate 9 per cent. (since March 5, 1976)

Day-to-day credit remained in good supply in the London money market yesterday and the authorities did not intervene. Banks carried forward surplus balances and Government disbursements exceeded revenue payments to the Exchequer. On the other hand there was a net market take-up of Treasury bills and an increase in the note circulation was also against the market's favour.

Discount houses paid 7½-8 per cent. for secured call loans in the early part and closing balances were found at between 6¾ per cent. and 7½ per cent.

In the inter-bank market overnight loans opened at 8-8½ per cent. and eased to 7-7½ per cent. before rising at 8½ per cent. in very late dealings.

Short-term fixed period interest rates were generally slightly easier. The three-month sterling certificate yield fell to 8 13/16-8 11/16 per cent., from 8¾-8⅝ per cent.

*Rates in the table below are nominal in some cases.*

| Mar. 9 1976 | Sterling Certificates of deposits | Interbank | Local Authority deposits* | Local Auth. negotiable bonds | Finance House deposits | Company deposits | Discount market deposits | Treasury bills ϕ | Bank Bills ϕ | Fine trade Bills ϕ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 7-8½ | — | — | — | 8¼ | 6¾-8 | — | — | — |
| 2 days notice | — | — | 7¾-8¼ | — | — | — | — | — | — | — |
| 7 days or 7 days notice | — | 8-8⅜ | 8-8¼ | — | — | — | 8-8¼ | — | — | — |
| One month | 8[illegible]-8½ | 8[illegible]-8½ | 8⅜-8½ | 9¼-8¾ | 8⅞-9 | — | 8¼ | 8⅜-8[illegible] | 8½-8[illegible] | 9¾-8⅞ |
| Two months | 8[illegible]-8[illegible] | 8[illegible]-8¾ | — | 9¼-8¾ | 9-9⅛ | — | 8[illegible]-8⅝ | 8¼ | 8[illegible]-8[illegible] | 9¾-8⅞ |
| Three months | 8[illegible]-8[illegible] | 8⅝-8⅞ | 8¾ | 9¼-8¾ | 9⅛-9¼ | — | 8⅝ | 8[illegible]-8½ | 8[illegible] | 9¾-8⅞ |
| Six months | 9⅛-8[illegible] | 9-9¼ | 9-9¼ | 9¼-8¾ | 9⅛ | — | — | — | 8¾ | 9¾-9⅛ |
| Nine months | 9[illegible]-9[illegible] | 9⅜-9[illegible] | — | 9¾-9¼ | 9¾ | — | — | — | — | — |
| One year | 9⅞-9¾ | 9¾-10 | 10¼ | 10¼-9¾ | 10½ | — | — | — | — | — |
| Two years | — | — | 11¼-11[illegible] | — | — | — | — | — | — | — |

† Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years 11¾-12 per cent.; four years 12¼ per cent.; five years 12½ per cent. ϕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 8¾ per cent.; and four-month trade bills 9¾-9½ per cent. Approximate selling rate for one-month Treasury bills 8¼ per cent.; two-month 8¼-8 5/16 per cent.; and three-months 8 15/32-8 7/16 per cent. Approximate selling rate for one-month bank bills 8⅜ per cent.; two-month 8 15/32-8 7/16 per cent.; and three-month 8½-8 15/32 per cent.; for one-month trade bills 9¼-9⅛ per cent.; two-month 9¼-9⅛ per cent.; and three-month 9⅛-9½ per cent.

Finance House Base Rate (published by the Finance Houses Association): 10 per cent. from March 1. Clearing Bank Deposit Rate for small sums at seven days' notice 5½ per cent. Clearing Bank Base Rate for lending 9½ per cent. Treasury Bills: Average tender rate of discount 8.4917 per cent.

# AUTHORISED UNIT TRUSTS

# INSURANCE, PROPERTY, BONDS

## REGIONAL MARKETS

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| I.O.M. Stm. £1 | 145 | | | | | | |
| Holt (Jos.) 25p | 255 | | | Alliance Gas (£1) | 86½xd | | |
| Kleen-e-Ze | 18 | | | Carroll (P. J.) | 132 | +4 | |
| Lovell's Ship £1 | 80 | | | Clondalkin | 54 | +2 | |
| N'thn. Goldsmith | 90 | | | Concrete Prods. | 100 | +2 | |
| P.M.A. | 58 | | | Goodbody (£1) | 34 | | |
| Pearce (C. H.) | 80 | | | Helton (Hldgs.) | 30 | | |
| Peel Mills | 12½ | | | Irish Distillers | 60 | | |
| RobbCaledonSh. | 53 | +7 | | Irish Wire | 40 | | |
| Sayers 12½p | 16 | | | Jacob | 67 | | |
| Sheffield Brick | 82 | | | Sunbeam | 15 | | |
| Sheff. Refrshmt. | 140 | | | Unidare | 67½xd | | |

## INTERIM STATEMENT


### RAND LEASES (VOGELSTRUISFONTEIN) GOLD MINING COMPANY LIMITED

Incorporated in the Republic of South Africa

### Interim Report for the half-year ended 31st December 1975

TIONS AND FINANCIAL

e remained on a caretaking basis during the half-year. Grass- dumps which was temporarily suspended at the end of 1974 has been recommenced and work connected with the on of water pollution continued.

ure on caretaking, grassing of mine dumps and water prevention amounted to R96 000 (1974—R57 000) while from rentals, interest and other sources totalled R74 000 (43 000).

lication for the establishment of a residential township g the mine's housing area as well as the application for a esidential township on approximately 40 hectares of un- d land are still under consideration by the Authorities.

on behalf of the board
homas Chairman
emmer

d Office · London secretaries:
House · Anglo-Transvaal Trustees Ltd.,
Street, Johannesburg · 295 Regent Street
ch, 1976 · London W1R 8ST


## PERSONAL

## ART GALLERIES

## GOURMET

# OFFSHORE AND OVERSEAS FUNDS

**Warburg Invest. Mngt. Jrsy. Ltd.**
1 Charing Cross, St. Helier, Jsy. C.I. 0534 29041

| | | | | |
|---|---|---|---|---|
| CMF Ltd. Feb. 26 | $US20.16 | 20.99 | ... | — |
| CMT Ltd. Feb. 26 | £10.53 | 10.80 | ... | — |
| Metals Tst. Feb. 19 | £9.72 | 9.96 | | — |
| TMT Feb. 12 | $US10.04 | 11.55 | ... | — |
| TMT Ltd. Feb. 12 | £11.34 | 11.63 | ... | — |

**World Wide Growth Management¢**
10a, Boulevard Royal, Luxembourg.

| | | | |
|---|---|---|---|
| Wrld Wide Gth. Fd. | $US12.06 | +0.02 | — |

## NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ¢. § Guernsey yield. ‡ Suspended. ☆ Single premium insurance bonds.

**STERNBERG, THOMAS CLARKE & CO**
MEMBERS OF THE STOCK EXCHANGE
Salisbury House, London Wall, London EC2M 5RU.
Telephone: 01-588 6050
Mitre House, Western Rd. Brighton. BN1 2DA
Telephone. Brighton 23095
SPECIALISTS IN WARRANTS AND CONVERTIBLES.

# FT SHARE INFORMATION SERVICE

## **BRITISH FUNDS

"Shorts" (Lives up to Five Years)

| 1975/6 High | Low | Stock | £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 99 3/32 | 92 3/16 | Treasury 6½pc 1976‡‡ | 99 3/32 | + 1/32 | 6.56 | 8.66 |
| 99 | 97 | Victory 4pc 1976‡‡ | 98⅝ | ...... | 4.04 | — |
| 102 | 96⅞ | Treasury 10½pc 1976‡‡ | 101⅛ | ...... | 10.38 | 8.84 |
| 98 3/32 | 88⅝ | Treasury 6¾pc 1977‡‡ | 97⅞xd | ...... | 6.39 | 8.51 |
| 97¼ | 86¾ | Electric 3pc '74-77 | 96⅞xd | −⅛ | 3.09 | 6.23 |
| 103 13/32 | 96⅞ | Treasury 11½pc '77‡‡ | 103xd | +⅛ | 11.16 | 9.36 |
| 94 | 84 | Treasury 3pc '77‡‡ | 93⅝ | +⅛ | 3.21 | 7.23 |
| 94 3/16 | 84⅜ | Transport 4pc '72-77 | 94 | ...... | 4.25 | 7.64 |
| 99 1/16 | 90½ | Treasury 9pc 1978‡‡ | 98 11/16xd | + 1/16 | 9.12 | 9.73 |
| 101½ | 96 | Treasury 10½pc '78‡‡ | 100 13/16 | + 1/16 | 10.40 | 10.32 |
| 95⅛ | 79 | Exchequer 5pc '76-78‡‡ | 92¾xd | ...... | 5.39 | 6.20 |
| 105 21/32 | 94 1/16 | Treasury 11½pc '79‡‡ | 102xd | − 1/16 | 11.17 | 10.33 |
| 88⅛ | 71⅞ | Treasury 3pc '79‡‡ | 87 15/16xd | − 1/16 | 3.41 | 6.91 |
| 88¾ | 73⅞ | Electric 4¼pc '74-79 | 88¾xd | +⅛ | 4.79 | 7.95 |
| 100 3/32 | 94½ | Treasury 10½pc '79‡‡ | 99 3/32 | + 1/32 | 10.59 | 10.76 |
| 100 3/32 | 95 1/16 | Do. 10½pc 1979 'A'‡‡ | 99 3/32 | + 1/32 | 10.59 | 10.76 |
| 87¼ | 71 | Electric 3½pc '76-79 | 87 | +⅛ | 4.02 | 7.60 |
| 96 5/32 | 84 | Treasury 9pc 1980‡‡ | 95⅛ | + 1/32 | 9.46 | 10.53 |
| 96½ | 89¼ | Treasury 9½pc '80‡‡ | 95 3/32 | + 1/32 | 9.98 | 10.94 |
| 96½ | 92¼ | Treas. 9½pc 1980 'A'‡‡ | 95 3/32 | + 1/32 | 9.98 | 10.95 |
| 86 | 68¼ | Treasury 3½pc '77-80 | 85¾ | +⅛ | 4.08 | 7.45 |
| 87⅝ | 71 | Funding 5½pc '78-80‡‡ | 87⅛ | +¼ | 6.03 | 8.53 |
| 103 3/16 | 94 13/16 | Treasury 11½pc 1981 | 102 3/16 | + 1/32 | 11.25 | 10.89 |

Five to Fifteen Years

| 1975/6 High | Low | Stock | £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 86 | 66⅛ | Treasury 3½pc '79-81 | 83⅞ | +¼ | 4.17 | 7.45 |
| 92¾ | 72⅝ | Do 8½pc '80-82‡‡ | 92⅛ | +⅝ | 9.46 | 10.87 |
| 107¼ | 86⅝ | Treasury 12pc 1983‡‡ | 101⅝xd | +¼ | 11.84 | 11.71 |
| 79⅞ | 58 | Funding 5½pc '82-84‡‡ | 78⅛ | +½ | 7.12 | 9.69 |
| 86¼ | 61⅜ | Treasury 6½pc '84-86‡‡ | 85⅛ | +⅝ | 10.15 | 11.18 |
| 74⅞ | 51⅞ | Funding 6½pc '85-87‡‡ | 73½ | +¾ | 9.18 | 11.15 |
| 77⅛ | 53 | Treasury 7¼pc '85-88‡‡ | 74¼ | +¼ | 10.50 | 11.91 |
| 51¼ | 32⅞ | Transport 3pc '78-88 | 48½ | +⅝ | 6.26 | 10.70 |
| 59¼ | 39⅜ | Treasury 5pc '86-89 | 54⅞xd | +⅞ | 9.11 | 11.72 |

Over Fifteen Years

Undated

## **INTERNATIONAL BANK

## **CORPORATION LOANS

## COMMONWEALTH & AFRICAN LOANS

## LOANS (Miscel.)

## FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

## AMERICANS

S.E. List Premium 51½% (based on $1.9635 per £)

Conversion factor 0.6996 (0.6953)

## CANADIANS

S.E. List Premium 51½% (based on $1.9127 per £)

## ††BANKS AND HIRE PURCHASE

Hire Purchase, etc.

## BEERS, WINES AND SPIRITS

## BUILDING INDUSTRY, TIMBER & ROADS

## BUILDING INDUSTRY—Continued

## CHEMICALS, PLASTICS

## CINEMAS, THEATRES AND TV

## DRAPERY AND STORES

## DRAPERY AND STORES—Continued

## ELECTRICAL AND RADIO

## ENGINEERING, MACHINE TOOLS

## ENGINEERING—Continued

## FOOD, GROCERIES, ETC.

## HOTELS AND CATERERS

## HOTELS—Continued

## INDUSTRIALS (Miscel.)

## INDUSTRIALS—Continued

[illegible]

## INSURANCE

[illegible]

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

[illegible]

### Commercial Vehicles

[illegible]

### Components

[illegible]

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING, ADVERTISING

[illegible]

## PROPERTY

[illegible]

## PROPERTY—Continued

[illegible]

## SHIPBUILDERS, REPAIRERS

[illegible]

## SHIPPING

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TOBACCOS

[illegible]

## TRUSTS, FINANCE, LAND

### Investment Trusts

[illegible]

## TRUSTS—Continued

[illegible]

### Finance, Land, etc.

[illegible]

## OILS

[illegible]

## OVERSEAS TRADERS

[illegible]

## RUBBERS AND SISALS

[illegible]

## TEAS

### India and Bangladesh

[illegible]

### Sri Lanka

[illegible]

### Africa

[illegible]

## MINES

### CENTRAL RAND

[illegible]

### EASTERN RAND

[illegible]

DAIWA SECURITIES

## MINES—Continued

### FAR WEST RAND

| 1975/6 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| £11 | 415 | Blyvoor 25 | 435 | −10 | ‡Q100c | 1.3 | ‡ |
| 950 | 890 | Buffels R1 | 890 | −50 | Q180c | 1.4 | 11.2 |
| 430 | 124 | Doelkraal R0.20 | 133 | −3 | — | — | — |
| £14¼ | 420 | Doornfontein R1 | 460 | −10 | †Q110c | 1.4 | ‡ |
| £12¾ | 650 | East Drie R1 | 650 | −15 | Q75c | ϕ | 6.4 |
| 380 | 160 | Elandsr'd Gld Mng 20c | 180 | −5 | — | — | |
| 450 | 125 | Elsburg R1 | 140 | −5 | Q33.8c | ϕ | 13.3 |
| £31 | £12 | Hartebeest R1 | £13¾ | −¼ | Q215c | 1.4 | 8.6 |
| £13¼ | 450 | Kloof Gold R1 | 470 | −10 | Q55c | 1.4 | 6.5 |
| £17¼ | 450 | Libanon R1 | 500 | −20 | †Q110c | 1.9 | ‡ |
| £13¾ | 335 | Southvaal 50c | 380 | −5 | Q8c | ϕ | 1.2 |
| 480 | 155 | Stilfontein 50c | 170 | ..... | Q36c | ϕ | 11.7 |
| £33¼ | £14¾ | Vaal Reefs 50c | £15 | −½ | Q175c | ϕ | 6.5 |
| £11½ | 240 | Venterspost R1 | 260 | −10 | ‡Q70c | 1.9 | ‡ |
| £55 | £21½ | W. Drie R1 | £22 | −1 | ‡Q485c | 1.2 | † |
| 745 | 195 | W'st'rn Areas R1 | 195 | −7 | Q52c | ϕ | 14.7 |
| £23 | 975 | Western Deep R2 | 975 | −50 | Q147½c | ϕ | 8.4 |
| 536 | 190 | Zandpan R1 | 227 | ..... | Q35¼c | 1.0 | 8.7 |

### O.F.S.

| 1975/6 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 400 | 75 | Fr. State Dev. 50c | 85 | ..... | Q14c | 1.6 | 9.1 |
| £32¼ | £16½ | F.S. Geduld 50c | £18 | −½ | 330c | 1.3 | 10.1 |
| 265 | 63 | F.S. Saaiplaas R1 | 70 | −2 | Z6c | 2.6 | 4.7 |
| 960 | 340 | Harmony 50c | 350 | −10 | Q77c | 1.8 | 12.2 |
| 575 | 82 | Loraine R1 | 82 | −16 | Q6c | 0.5 | 4.0 |
| £28¼ | £13½ | Pres. Brand 50c | £13½ | −1 | Q250c | 1.3 | 11.2 |
| £25¾ | 825 | Pres. Steyn 50c | 912½ | −37½ | Q125c | 2.2 | 7.6 |
| £39¾ | £16¼ | St. Helena R1 | £16½ | −1¼ | Q250c | 1.2 | 8.4 |
| 340 | 105 | Unisel | 116 | −6 | — | — | — |
| 525 | 245 | Welkom 50c | 295 | −15 | Q55c | 1.7 | 10.3 |
| £40 | £21¼ | W. Holdings 50c | £21¼ | −1 | Q475c | 1.2 | 12.7 |

### FINANCE

| 1975/6 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 540 | 315 | Ang. Am. Coal 50c | 325xd | +5 | MQ38c | 2.8 | 6.2 |
| 520 | 235 | Ang. Amer. 10c | 270xd | +2 | Q33c | ϕ | 6.8 |
| £45½ | £19½ | Ang. Am. Gold R1 | £20 | −¼ | Q260c | ϕ | 7.2 |
| £16¼ | 850 | Ang-Vaal 50c | 900 | ..... | †Q95c | 3.7 | 4.2 |
| 205 | 67 | Charter Cons. | 142 | −1 | 6.21 | 2.2 | 6.7 |
| 290 | 144 | Cons. Gold Fields | 163 | −4 | 6.7 | 4.3 | 6.3 |
| 32 | 15 | E. Rand Con. 10p | 18 | ..... | 0.92 | 1.4 | 7.9 |
| 435 | 185 | Geduld Inv. R1 | 210 | ..... | Q40c | 1.5 | 10.5 |
| £38¼ | £15½ | Gen. Mining R2 | £16½ | ..... | Q210c | ϕ | 7.2 |
| £39 | £14¾ | G. Fields S.A. 25c | £16¾ | ..... | Q225c | 1.3 | 7.4 |
| £27¼ | £11½ | Jo'burg Cons. R2 | £12¼ | +¼ | Q165c | 2.5 | 7.2 |
| 530 | 200 | Middle Wit 25c | 230 | ..... | †Q28c | 2.0 | 6.7 |
| 315 | 168 | Minorco SBD1.40 | 182 | +2 | ‡Q14c | — | ‡ |
| 305 | 85 | New Wit 50c | 100 | ..... | Q20c | 1.6 | 11.0 |
| £11 | 710 | Patino NV Fls.5 | 930 | +20 | QC40c | 10.5 | 2.1 |
| £11 | 480 | Rand Selection 50c | 520 | +5 | Q75c | 1.5 | 8.0 |
| 695 | 320 | Selection Trust | 480 | ..... | 14.0 | 2.0 | 4.5 |
| 450 | 135 | Sentrust 10c | 150 | +3 | Q30c | 1.2 | 11.1 |
| 81 | 27 | Silvermines 2½p | 58 | +1 | ‡s4.0 | 1.6 | ‡ |
| 170 | 95 | SW Africa 20p | 100 | ..... | 17.87 | 2.0 | 27.5 |
| £14 | 560 | T'vaal Cons. Ld. R1 | 775 | +25 | Q65c | 2.0 | 4.6 |
| 475 | 170 | U.C. Invest R1 | 190 | ..... | Q36c | 1.0 | 10.5 |
| 580 | 245 | Union Crp. 6.25c | 295 | +15 | Q42c | ϕ | 8.2 |
| 105 | 30 | Vogels 2½c | 48 | +3 | †Q6c | 1.0 | 6.9 |

### DIAMOND AND PLATINUM

| 1975/6 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| £35 | £15¼ | Anglo-Am. Inv. 50c | £20½ | −½ | Q290c | 1.0 | 7.8 |
| 146 | 48 | Bishopsgate Plt. 10c | 74xd | +1 | tQ4.5c | ϕ | 3.4 |
| 335 | 161 | De Beers Df. 5c | 220 | −3 | Q25c | 2.2 | 6.3 |
| £17 | 850 | Do. 40pc Pf. R5 | 900 | ..... | 1.10 | 125.5 | 12.0 |
| 152 | 69 | Lydenburg 12½c | 77 | +2 | Q2.9c | 1.5 | 2.1 |
| 248 | 100 | Pot. Plat. 2½c | 128 | +2 | Q5c | 1.0 | 2.2 |
| 212 | 90 | Union Plat. 10c | 92 | ..... | Q4.96c | 1.0 | 3.0 |
| 212 | 88 | Waterval 5c | 90 | ..... | Q5.2c | 1.0 | 3.2 |

### CENTRAL AFRICAN

| 1975/6 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 345 | 80 | Coronation 25c | 100 | +10 | Q34c | 2.1 | 18.8 |
| 250 | 90 | Falcon Rh. 50c | 100 | +5 | tQ35c | 1.3 | — |
| 52 | 27 | Globe Phnix 12½p | 30 | ..... | 1.25 | 0.2 | 6.4 |
| 24 | 14 | Rho.-Corp. 16⅔p | 15xd | ..... | 0.56 | ϕ | 5.7 |
| 440 | 150 | Roan Cons. K4 | 158 | −10 | ‡Q16.0 | 4.7 | ‡ |
| 230 | 92 | Tanganyika 50p | 160 | ..... | ‡Q26 | 1.2 | ‡ |
| 75 | 60 | Do. Pref. 80p | 65 | ..... | Q9 | 18.0 | 11.6 |
| 48 | 25 | Wankie Col. Rh.1 | 36 | +2 | Q6½c | 1.3 | 10.0 |
| 70 | 23 | Zam. Cpr. SBD0.24 | 27 | −1 | Q1.90 | 3.2 | 7.0 |

### AUSTRALIAN

| 1975/6 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 28 | 10 | Acmex 25c | 21 | ..... | — | — | — |
| 149 | 95 | A. M. and S. 50c | 147 | ..... | Q7c | ϕ | 2.8 |
| 122 | 74 | Bougainville 50c | 120 | −2 | Q10c | ϕ | 4.8 |
| 242 | 145 | BH South 50c | 155 | −5 | — | — | — |
| 215 | 40 | Gold M. Kalg. $1 | 40 | ..... | — | — | — |
| 137 | 58 | Hamptn Areas 5p | 66 | +2 | 1.18 | 4.2 | 2.8 |
| 115 | 30 | Metals Ex. 50c | 41 | ..... | — | — | — |
| 43 | 14 | Metramar 20c | 14 | −1 | — | — | — |
| 246 | 117 | M.I.M. Hldgs. 50c | 218 | ..... | ‡Q10c | 1.8 | ‡ |
| 135 | 75 | M. Lyell 25c | 80 | ..... | ‡Q5c | 2.4 | ‡ |
| 3 | 1½ | Newmetal 10c | 2 | ..... | — | — | — |
| 169 | 102 | North B. Hill $1 | 148 | +1 | Q9c | 1.4 | 3.4 |
| 16½ | 6 | North Kalg. 30c | 6 | ..... | — | — | — |
| 88 | 47 | Oakbridge $A0 | 71 | ..... | tQ8c | 0.9 | 6.5 |
| 21 | 8 | Pacific Cppr. 25c | 14 | ..... | — | — | — |
| £19½ | 220 | Pancont'l 25c | £13 | −½ | — | — | — |
| 25 | 9 | Paringa M&Ex. 5p | 14 | −1 | — | — | — |
| 535 | 235 | Peko-Walls'd 50c | 525 | +5 | Q15c | ϕ | 1.6 |
| 345 | 140 | Poseidon 20c | 145 | ..... | — | — | — |
| 26 | 8 | Vultan Min. 50c | 12 | ..... | — | — | — |
| 9 | 4 | Westmex 10c | 5 | ..... | — | — | — |
| 214 | 134 | W. Mining 50c | 150 | +4 | ‡Q8c | 0.8 | ‡ |
| 54 | 24 | Whim Creek 20c | 36 | ..... | — | — | — |

### TINS

| 1975/6 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 56 | 32 | Amal. Nigeria | 34 | −2 | 5.62 | 1.6 | 25.4 |
| 198 | 77 | Ayer Hitam | 195xd | +5 | †13.0 | 1.8 | 10.3 |
| 36 | 10 | Beralt Tin | 25 | +2 | Z1.75 | — | 10.8 |
| 424 | 268 | Berjuntai SM25 | 320 | +5 | ‡Q5M2 | ϕ | ‡ |
| 18 | 13 | Ex Lands 10p | 13 | ..... | 15 | 3.8 | 17.8 |
| 246 | 153 | Geevor | 177 | +7 | ‡12 | 2.3 | ‡ |
| 18 | 8 | Gold & Base 12½p | 11 | ..... | — | — | — |
| 288 | 157 | Gopeng Cons. | 185 | +2 | 11.0 | 1.3 | 9.1 |
| 73 | 55 | Hongkong | 64 | ..... | — | — | — |
| 70 | 40 | Idris 10p | 65 | ..... | 6.7 | 2.2 | 15.9 |
| 11 | 6 | Jantar 12½p | 6 | ..... | — | — | — |
| 68 | 31 | Kamunting 15p | 33 | ..... | ‡7.0 | 1.2 | ‡ |
| 180 | 135 | Killinghall | 180 | ..... | Q50.0 | ϕ | 27.8 |
| 192 | 106 | London Tin 20p | 152 | +4 | 7.0 | 1.3 | 7.1 |
| 220 | 93 | Malay Dredging | 192 | +4 | 10.7 | 2.0 | 8.6 |
| 41 | 22½ | ♠Pahang | 26 | +1 | Qh2.6 | ϕ | 15.4 |
| 65 | 40 | Pengkalen 10p | 46 | −1 | 7.0 | 1.5 | 23.4 |
| 112 | 75 | Petaling SM1 | 109 | ..... | — | — | — |
| 36 | 8 | Saint Piran | 28 | ..... | — | — | — |
| 135 | 68 | South Kinta (10p) | 83 | +3 | ‡9.5 | 1.5 | ‡ |
| 180 | 73 | Sthn. Malayan | 125 | +8 | 10.7 | 0.9 | 13.2 |
| 83 | 31 | Sungei Besi 20p | 31 | ..... | ‡6.0 | 3.0 | ‡ |
| 43 | 29 | Sungei Way SM1 | 32 | ..... | ZQ10 | — | 5.5 |
| 84 | 40 | Tanjong 15p | 47 | ..... | 4.0 | ϕ | 13.1 |
| 75 | 46 | Tongkah Hb SM1 | 46 | ..... | Q23% | 0.6 | 9.6 |
| 93 | 42 | Tronoh | 71xd | +3 | 4.29 | ϕ | 9.3 |

### COPPER

| 1975/6 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 112 | 42 | Botswana RST R2 | 50 | +2 | — | — | — |
| 390 | 170 | Messina R0.50 | 195 | +5 | Q35c | 1.9 | 9.9 |

### MISCELLANEOUS

| 1975/6 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 10 | 3 | Burma Mine 17½p | 9 | ..... | m0.5 | — | 1.5 |
| 65 | 17 | Charterhall 5p | 28 | ..... | — | — | — |
| 880 | 360 | Cons. Murch. 10c | 710 | +40 | Q80c | ϕ | 6.2 |
| 53½ | 29½ | Laurasia | 35 | +1 | — | — | — |
| 470 | 200 | Northgate C$1 | 410 | ..... | tQ25c | 1.0 | 3.4 |
| 211 | 80 | R.T.Z. | 190 | ..... | g5.51 | 4.4 | 4.5 |
| 135 | 47½ | Sabina Inds. C$1 | 105 | +8½ | — | — | — |
| 81 | 45 | Stanford Mines‡ | 45 | ..... | — | — | — |
| £12½ | 874 | Tara Expln. $1 | £10¼ | ..... | — | — | — |
| 122 | 38 | Yukon Cons. C$1 | 113 | ..... | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ∆ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- ‡ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Based on 1973 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 23

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FINANCIAL TIMES
Wednesday March 10 1976

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# BR Eastern Region paralysed by strike

BY CHRISTIAN TYLER, LABOUR STAFF

MOST OF British Rail's Eastern region was paralysed by strike action yesterday on the second day of protests by train drivers about service economies. BR warned that still more trains in the region would probably be halted to-day.

As thousands of passengers looked for other ways home last night, emergency talks between the drivers' union ASLEF and the British Rail Board failed to produce an agreement.

Mr. Ray Buckton, ASLEF general secretary, said BR had refused his union's request that economy cuts introduced on March 1 be removed and the status quo restored pending further discussions.

The railways joint consultative council is due to meet on Friday, when the issue could be raised again. Meanwhile all three rail unions are due to start their annual pay negotiations with the Board this morning.

Eastern region last night said more than adequate time had been allowed for consultation. After allowing for transfers only 39 jobs were at issue, but no dismissals were contemplated "at this stage." Only 83 out of 5,220 drivers' shifts were involved.

## Disrupted

The protest widened yesterday to hit 20 depots, including Stratford in East London serving Liverpool Street station. Services out of Kings Cross were down to a bare minimum both on Inter-City and commuter lines. But trains from Liverpool Street to Southend were running almost normally, BR said. Fenchurch Street station remained unaffected.

Although local services continued north of Doncaster, the East Coast main line between London and Scotland, including the overnight sleeper services, was badly hit. The spread of strike action to Stratford disrupted services from East Anglia, Cambridge, Bishops Stortford, Colchester and Chelmsford.

The dispute began in Leeds when a driver objected to a new schedule and was sent home. Sympathy action spread rapidly through Yorkshire and down to London.

Last night police asked car-owning commuters to offer lifts to-day and people wanting lifts to "indicate in some way their required destination."

● Charing Cross Station, London, will be closed all week-end because of engineering work, and trains diverted to Cannon Street.

● Trains to and from Waterloo station, London, and some services in the South and West may be delayed to-morrow when railwaymen are being asked to stop work for 15 minutes at 3.15 p.m. as a token of respect to Mr. John Budd, a 52-year-old guard who died after an incident at Norbiton station, Surrey, in January.

# New pay policy will not emerge until June

BY ROY ROGERS, LABOUR CORRESPONDENT

THE FORM of pay policy to replace the £6 limit, which expires at the end of July, is unlikely to emerge until June, although the TUC will begin sounding out member unions later next month.

This becomes clear in a confidential document to be considered by the TUC economic committee to-day, shortly before an afternoon meeting with Mr. Denis Healey, Chancellor of the Exchequer, who will be urged to inject an extra £1.9bn. into the economy in his April Budget.

The TUC, led by Mr. Len Murray, general secretary, will urge the Chancellor to follow the suggestions set out in the TUC's Annual Economic Review, published early this month, which centre on moves to reduce unemployment and provide more finance for industry.

This morning, the economic committee will consider a TUC office document entitled "Follow-up to the Economic Review," which spells out the TUC's timetable for wage policy negotiations with the Government who seem willing to let the TUC make the running.

TUC leaders see the April Budget, especially its effect on unemployment, as an integral part of a continued social contract.

In the document they suggest that by the middle of April it should be possible to assess the relationship between the Economic Review, the Budget and the next round of pay policy.

The second half of April might be an "opportune period" for consultation within the trade union movement, says the document, which goes on to suggest a "consultative" conference of union executives in late April or early May, where unions would be free to air their views on wages policy.

This strategy, if adopted, would no doubt take some of the heat out of the pay argument. This is developing among unions over whether the next phase of pay policy should be on a flat rate basis again or whether, as Mr. Healey has suggested, something should be done to help restore differentials.

But there are certain to be elements within the TUC who will seek to make any special conference policy-making rather than just consultative, on the grounds that the new policy will be not only agreed but implemented before the annual TUC Congress takes place in September.

It is also envisaged that the special conference of executives will discuss items such as the Government's proposed expenditure cuts—a move which should further defuse the atmosphere at the September Congress.

This timetable, if agreed to-day, will no doubt be reported to Mr. Healey with the TUC's Budget proposals. These will include calls for the introduction of selective import controls, improved pensions, tax concessions for the lower paid at the expense of the higher paid and restriction of top salaries to around £20,000.

But the TUC leaders have stressed repeatedly that their main concern is with unemployment levels which they want the Government to take steps to reduce to 600,000 by 1978.

Softer line on worker participation, Page 10

# THE LEX COLUMN

## Fisons' £20m. fertiliser

Fisons' 1975 performance is satisfactory, and its £20½m. rights issue is no surprise. So yesterday's price reaction—the shares fell 18p to 393p—may be seen as a comment on how underwritten issues have to be pitched these days. The rights price represents a discount of just over a fifth on Monday night's close, and Fisons is forecasting no more than a standard 10 per cent. dividend increase for 1976.

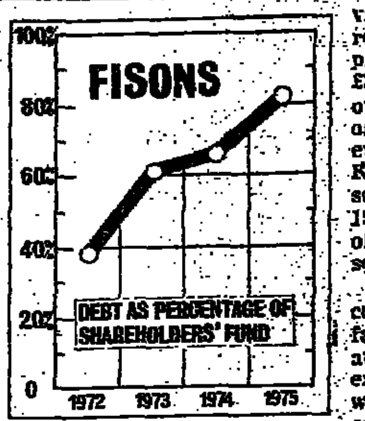
However, the trading background remains favourable, after 1975's profits rise of a seventh to £16.7m. pre-tax. In particular, profits in the pharmaceutical division jumped a third in the second half following 12 months of stagnation. The group claims that volume played a bigger part in this acceleration than U.K. price rises of about a fifth, and although the U.S. market has plainly been disappointing so far, Fisons is still hopeful of better things.

Elsewhere, 1976 sees the first substantial sales of the new herbicide and pesticide products, and the suggestion is that these could ultimately achieve an annual sales rate equivalent to over half the agrochemical division's current turnover. Margins should be higher than on the bulk business, and Fisons plans to be manufacturing the insecticide development in the U.S. — a new market — by the end of 1977.

Of course fertilisers still account for nearly two-fifths of pre-interest profits, and the first half performance here may not be inspiring. But the outlook for the year seems stable enough, and overall it would be surprising if a group as earnings per share conscious as Fisons were to make a rights issue unless it thought there was a fair chance of avoiding a subsequent decline in its published earnings figure. Its development of the agrochemical and pharmaceutical businesses suggest that Fisons is a respectable home for new money, and the shares can probably hold their own with a current market capitalisation of £100m. and an ex rights yield of 4.3 per cent.

See also Page 23

**Index fell 0.1 to 411.4**




### AIP

For many months an obstinate shadow has hung over the shares of the obviously overstretched property companies—prices of Amalgamated Investment and Property, Town and Commercial, and Capital and Counties have all hung close to their lows, although British Land, MEPC and Town and City have looked marginally more healthy. The sudden suspension of AIP was the kind of event the sector had been waiting for, though there had been no advance selling of the shares at 16½p. AIP's holding statement was not followed by any hard news last night, but plainly the group's finances must be in a very serious condition for it to take such a step as suspension without having its hand forced by market price movements.

The background is that AIP's special arrangements with its bankers expire at the end of this month, and it is an open question whether any further support can be negotiated. Last March 31 it had total debt of over £120m., and nominal equity of £107m. rested heavily on valuations of investment properties totalling £209m. which dated mostly from 1973. Major developments like Amalgamated House in the City and the Pariferic Bureaux in Paris remain unlet. The group's total deficit for 1974-75, including capitalised outgoings, was over £10m.

### United Biscuits

United Biscuits is £8.47m. higher at £22.27m. pre-tax for 1975, and a second half recovery in the U.K. is just as much a feature of the result as the performance of the Keebler acquisition in the U.S. Overall, volume in the U.K. slipped by 2½ per cent. But UB had price rises, crisps and nuts h well and in biscuits the a slight but important back towards the ch varieties. In the U.S., rose 5 per cent. but o profits actually eased £3.9m. to £3.3m., before p over the two halves. An of losses in Spain were evenly over the year. Keebler did not perform so strongly towards the 1975, volume after two of 1976 is apparently some 8 per cent. ahead.

This year UB's raw costs are expected t favourable until the sec at least. Overseas, Ke expected to keep mov ward, while losses in could fall to nominal Last year's cash flow ... issue proceeds probably £26m., and this has tra the balance sheet. At yield of 3.8 per cent. is more than four times ings on average capital.

See also Page 2

### DJI 1000

The Dow Jones Index over the 1,000 mark fir yesterday almost exa years after it first app this level—which was prove a formidable ba both 1968 and 1972-7 although this figure is o of psychological import gives a twisted impre what has actually been ing to U.S. share price DJI understated the d the bear market, and moment it is exaggera strength of the bull.

For instance, the based S and P Compos is still about a sixth b 1972-73 peak, while the can Stock Exchange remains roughly a quart the all-time high hit the end of 1968.

Whereas the p/e on was around 18 ten years 1976 multiple may no from single figures. interest rates seem provided the immediate this current rally, so it noting that in London l Mr. Henry Kaufman of Brothers was prepared cast that liquidity of credit market would and that interest rates term high grade bon decline to under 8 per

# Clearing banks lend £99m. less

BY ANTHONY HARRIS

SLACK demand conditions, and probably some loss of business to other lenders, caused a decline of £99m. in advances by the London clearing banks in the four weeks to February 18, shown in the figures published to-day.

Credit demand may well have been more depressed than the bare figures suggest, since some tax payments which in earlier years would have been made in March were brought forward into January this year, and might have been expected to cause some rise in borrowing.

Deposits with the clearing banks also fell, by £232m. rather less than the usual seasonal drop.

However, this figure may also be distorted by the fact that the clearing banks were unable to respond as promptly as some smaller institutions to the rapid fall in money rates during the month. In these circumstances the banks tend to lose some marginal lending business, but hold more than their usual share of deposits.

In spite of the calling in of the £325m. of special deposits released six weeks earlier, the system as a whole remained in a comfortable reserve position. Compared with the minimum requirement of 12½ per cent., the clearing banks ended the month with a reserve ratio of 13.7 per cent., and the other banks, notably the accepting houses, held substantially bigger reserve margins. For the system as a whole, the Bank of England reports, the ratio was 15.4 per cent., only 0.1 per cent. down from January.

The quarterly analysis of clearing bank advances, also published to-day, shows that industrial companies were for the most part preoccupied with improving their liquidity. Apart from the chemical industry, which is engaged, unlike most other groups, in a large capital investment programme, the only significant rises in borrowing—rises higher than can be accounted for by the debiting of debt interest—are by relatively weak industries, textiles, leather, clothing and vehicles, which were possibly unable to generate enough cash to reduce their liabilities. The motor industry was also engaged in an effort to raise output following the unexpectedly buoyant home market sales in January.

There was also a small rise, for the second successive quarter, in lending to property and financial companies, a reflection of the continuing slow progress of the property "lifeboat."

A rise of £70m. in lending to personal customers, reversing the recent trend, is attributed to the debiting of debt interest rather than any revival in loan demand.

Because of the alteration in the timing of tax payments, and developments within the markets as a result of rapidly falling interest rates, neither the clearing banks nor the authorities are prepared to draw any conclusions from the figures about the underlying growth of the money supply. Because of tax influences in particular, it will only be with the March figures, which will be available for the whole system some six weeks from now, that a clear trend can be established.

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# Currency burden tax relief sought

By Margaret Reid

Strong plans have been made to the Government from the City for tax relief to help companies with foreign currency loans whose repayment has become more costly in sterling terms as a result of the pound's decline.

After the pound's fall by a third in the past four years, there is some concern in the City about the increased burden companies face in paying back loans raised in dollars, deutschemarks, Swiss francs and other strong currencies.

Accordingly, ahead of the Budget, Mr. Denis Healey, the Chancellor, is being asked whether some tax concession can be introduced to ease the problem. Representations are believed to have been made on the subject by some of the principal banking associations.

It is thought that the claim is essentially for tax relief on the cost of repaying the principal of such loans, which in a number of cases will have risen by a substantial percentage compared with the original sterling value of the borrowing.

The hoped-for relief is envisaged as being against realised losses from the cash-raising operations in question.

The increased sterling cost of paying interest during the life of a foreign currency loan presents less of a problem, since this is a cost for which tax relief can normally be obtained.

Certain proposals for relief on the repayment of foreign currency loans were made before last year's Budget, but were not followed by action. Since then, the pound has declined further, emphasising the problem.

The matter is of concern to companies which have borrowed in foreign currency to finance investment in sterling in the U.K.

Others which have made matching investments abroad will generally have better prospects of obtaining foreign currency resources to provide repayment.

# Rates bill increase less steep this year

FINANCIAL TIMES REPORTER

FOR THE HOUSEHOLDER the average increase in local rate demands next month is likely to be about 8-10 per cent. in Greater London, 12-13 per cent. in metropolitan areas and about 15 per cent. in the rest of England and Wales.

For business ratepayers the average percentage increase will be slightly smaller—probably about 6-8 per cent., 10-11 per cent. and 11-12 per cent. respectively.

These estimates, which allow for county and other precepts and the general service charge levied by water authorities, are based upon returns from two-thirds of the 456 local authorities.

They suggest that, with certain notable exceptions, most local authorities have responded to the Government's call for a standstill in real current spending in 1976-77. Last year the average increase for householders was 35 per cent. and for business ratepayers 31 per cent.

As usual, however, the average figures conceal a wide range of individual variations.

So far, 88 authorities have reduced their rate call or precept, 51 have made no change, and 159 have announced increases. This is before allowing for the service charge for sewerage.

At district level, the changes range from a 28 per cent. reduction by Nottingham to an increase of 33 per cent. by one of the Northamptonshire districts while at county level the Surrey precept has been increased by 20 per cent. and Leicestershire's has been reduced by 4 per cent.

The above-average increases in county precepts in the Home Counties and some other areas are largely attributable to changes in the distribution of Government grant.

The repercussions of the House of Lords decision about the payment of the sewerage charge by unconnected properties has also led to exceptional increases in the charge paid by other ratepayers in Wales, the West of England, and the Severn-Trent area.

The Government's decision not to increase the household rates relief grant this year means that domestic ratepayers face a bigger percentage increase than business ratepayers.

## Weather

U.K. TO-DAY

SUNNY spells, after morning frost. Cloud spreading from W. Some rain and sleet in N. and W.

**London, S.E., E. and Cent. S. England, E. Anglia, E. Midlands**

Sunny spells, cloudy later. Winds S., light. Max. 8C (46F).

**Channel Is., S.W. England, S. Wales**

Cloudy, occasional rain. Wind S., moderate. Max. 9C (48F).

**N. Ireland, N. Wales, N.W. England, I. of Man, S.W. Scotland, Glasgow**

Cloudy, occasional rain or snow. Wind S., fresh or strong. Max. 8C (46F).

**W. Midlands, N.E. and Cent. N. England**

Cloudy, occasional rain or snow. Wind S., moderate or fresh. Max. 7C (45F).

**Borders, Edinburgh, Dundee, Aberdeen**

Cloudy, rain or snow. Wind S., strong. Max. 6C (43F).

**Highlands, Moray Firth, N. Scotland, Argyll**

Cloudy, occasional rain or snow. Wind S., strong. Max. 6C (43F).

**Outlook:** Changeable with occasional rain. Dry in S.E.

**Lighting-up:** London 18.25, Manchester 18.33, Glasgow 18.39, Belfast 18.47.

BUSINESS CENTRES

| | | Y'day Mid-day °C | °F | | | Y'day Mid-day °C | °F |
|---|---|---|---|---|---|---|---|
| Alexandria | F | 19 | 66 | Madrid | S | 11 | 52 |
| Amstrdm. | F | 2 | 36 | Manchstr. | S | 5 | 41 |
| Athens | S | 16 | 61 | Melbourne | C | 30 | 86 |
| Bahrain | S | 18 | 64 | Mexico C. | S | 20 | 68 |
| Barcelona | C | 11 | 52 | Milan | C | 5 | 41 |
| Belfast | C | 4 | 39 | Montreal | S | −5 | 23 |
| Belgrade | S | 4 | 39 | Moscow | S | −3 | 27 |
| Berlin | F | −1 | 30 | Munich | F | 0 | 32 |
| Bmingham | S | 5 | 41 | Newcastle | C | 5 | 41 |
| Bristol | S | 6 | 43 | New York | Sn | 0 | 32 |
| Brussels | F | 1 | 34 | Oslo | S | −2 | 28 |
| Budapest | Sn | 0 | 32 | Paris | S | 3 | 37 |
| B. Aires | R | 17 | 63 | Perth | F | 30 | 86 |
| Cairo | S | 22 | 72 | Prague | F | −1 | 30 |
| Cardiff | S | 5 | 41 | Reykjavik | S | 4 | 39 |
| Cologne | Sn | −1 | 30 | Rio de J'o | S | 31 | 87 |
| Copnhagn. | F | −1 | 30 | Rome | C | 15 | 59 |
| Dublin | C | 7 | 45 | Singapore | C | 30 | 86 |
| Edinburgh | C | 5 | 41 | Stockholm | C | −1 | 30 |
| Frankfurt | F | 1 | 34 | Sydney | F | 24 | 75 |
| Geneva | S | 2 | 36 | Tehran | C | 5 | 41 |
| Glasgow | C | 4 | 39 | Tel Aviv | S | 17 | 63 |
| H. Kong | S | 25 | 77 | Tokyo | R | 13 | 55 |
| Jo'burg | C | 24 | 75 | Toronto | S | −1 | 30 |
| Lisbon | S | 14 | 57 | Vienna | C | 0 | 32 |
| London | F | 7 | 45 | Warsaw | S | 0 | 32 |
| Luxembrg. | F | −1 | 30 | Zurich | S | 2 | 36 |

HOLIDAY RESORTS

| | | Y'day Mid-day °C | °F | | | Y'day Mid-day °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | F | 16 | 61 | Las Plms. | F | 18 | 64 |
| Algiers | C | 17 | 63 | Locarno | S | 7 | 45 |
| Biarritz | S | 6 | 43 | Majorca | F | 11 | 52 |
| Blackpool | C | 6 | 43 | Malaga | S | 16 | 61 |
| Bordeaux | S | 8 | 46 | Malta | C | 16 | 61 |
| Boulogne | S | 4 | 39 | Nairobi | S | 21 | 70 |
| Casablnca. | F | 16 | 61 | Naples | F | 15 | 59 |
| Cape Tn. | C | 25 | 77 | Nassau | S | 26 | 79 |
| Corfu | S | 15 | 59 | Nice | C | 11 | 52 |
| Dubrovnik | F | 15 | 59 | Oporto | S | 15 | 59 |
| Faro | S | 18 | 64 | Rhodes | S | 18 | 64 |
| Funchal | C | 17 | 63 | Salzburg | C | 0 | 32 |
| Gibraltar | S | 16 | 61 | Tangier | S | 15 | 59 |
| Guernsey | C | 5 | 41 | Tenerife | C | 12 | 54 |
| Innsbruck | F | 2 | 36 | Tunis | C | 16 | 61 |
| Inverness | S | 5 | 41 | Valencia | R | 12 | 54 |
| Jersey | S | 6 | 43 | Venice | Sl | 1 | 34 |

S—Sun. C—Cloud. R—Rain. F—Fair. Sn—Snow. Sl—Sleet.

Snow reports, Page 8

# Aid proposals for newspapers

BY OUR LABOUR STAFF

CONCESSIONARY Government loans of at least 4 per cent. below commercial rates are recommended in the interim report of the Royal Commission on the Press expected to be published next week.

But the report, now in the hands of Mr. Peter Shore, Trade Secretary, stresses that "the scheme is conditional upon the approval of the joint union-management standing committee set up yesterday to supervise the introduction of new technology in the national newspaper industry.

Under the Commission's proposals it would be up to newspapers to approach the Government and negotiate individual agreements. These are designed purely to help papers out of the short-term difficulties involved in bringing in computer-based technology and reducing their labour forces accordingly.

The Commission believes that the loans can be made within the scope of the Industry Act, 1972 and would therefore not leave the Government open to accusations of providing preferential treatment to the industry.

National newspaper publishers and printing unions yesterday reached provisional agreement on the proposed structure and terms of reference of a joint standing committee on technology.

The agreement now has to be ratified by the executives of the unions concerned and by the council of the Newspaper Publishers Association as well as the Mirror Group, which is not a member of the NPA.

The committee will become operational as soon as the current management-union talks on the future of the newspaper industry have produced agreement on a number of outstanding issues, including compensation terms for people volunteering for redundancy.

Under the proposed terms of reference, the employer members on the committee would be invited annually to submit their detailed manpower and technology planning proposals for the comming year and outline plans for the following two years.

The committee would consider the implications of these plans and co-ordination of development, training and staff requirements.

It would also devise a policy framework and procedures to ensure that employment is regularised and plans for introducing new technology coordinated.

In addition, it could represent the industry in talks with the Government, work out procedures for the settlement of disputes, and examine demarcation issues arising from current production methods and new technology.

The committee is to be formed by the general secretaries of the three big printing unions Natsopa, NGA and Sogat and of the National Union of Journalists or their representatives; by representatives of the Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trades Union; and the Chief Executives of all the daily Fleet Street papers or their representatives.

# Lestor post goes to another Left winger

By Philip Rawstorne

MR. HAROLD WILSON with a touch of irony yesterday appointed another Left-wing MP to succeed Miss Joan Lester, who resigned as Parliamentary Secretary for Education in protest against the public expenditure curbs.

The post goes to Miss Margaret Jackson, a Government whip, who entered the Commons at the last General Election by ousting former Labour Minister, Mr. Dick Taverne at Lincoln.

Miss Jackson, a former Transport House researcher, was at one time an adviser at the Ministry of Overseas Development to Mrs. Judith Hart, also now a leading figure in the Left-wing campaign against the Government's economic policies.

# Motorway proposal withdrawn

RESIDENTS IN Nottinghamshire, Derbyshire and North Leicestershire have won their "stop the M42" campaign.

The proposal for a 24-mile motorway route from Appleby Magna in Leicestershire to Stanton by Dale, near Nottingham, was withdrawn yesterday by Mr. John Gilbert, Transport Minister, "after a review of economic and other factors."

The Department of the Environment will consider more southerly lines for an M42 motorway link between the M1 and the M6 to run from the Tamworth section at Appleby Magna to the M1 at Kegworth, Leicestershire.

Continued from Page 1

# High unemployment until 1980

appropriate exchange rate policy. At times, it talks of maintaining competitiveness and at times of attempting to do more and between the lines there is a tussle between economists favouring incomes policy and those putting more emphasise on the exchange rate.

"There are two ways of securing increased price competitiveness," the review states, "a faster depreciation of the exchange rate with money wage growth unchanged, or a lower growth of money wages with an unchanged exchange rate profile. Both mechanisms require that real wages (before tax) must fall."

It adds that slower wage growth is preferable because it implies lower inflation. "some further exchange rate depreciation can help to achieve the competitiveness objective" but in the end "real wage growth can only be moderated if the wage bargaining process will permit it."


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